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Women's pension measure

Senate committee backs bill

By Joel Chernoff

WASHINGTON — Taking almost everyone by surprise, the Senate Finance Committee approved Oct. 25 a consensus bill that would enhance women's pension rights.

The bill is expected to go to the Senate floor shortly. It had just been introduced a week before by a bipartisan group of 31 U.S. senators that was led by Bob Dole, R-Kan., Russell Long, D-La., and Edward M. Kennedy, D-Mass.

The measure, S. 1978, was tacked onto the shell of a House-passed bill originally designed to create a Caribbean Basin Initiative, H.R. 2769. That move was necessary because the House is the only chamber allowed by the Constitution to originate tax legislation.

Separately, Rep. John N. Erlenborn, R-Ill., said earlier that day that he would confer with Rep. William Clay, D-Mo., on whether they would seek to attach their bill to revise the single-employer termination insurance system onto the women's pension bill.

Rep. Erlenborn also said he hoped changes involving reporting and disclosure might be considered. Rep. Clay chairs the House labor subcommittee dealing with pensions; Rep. Erlenborn, who is retiring after this term, is the ranking minority member.

However, that possibility became clouded when the Senate Finance Committee approved the women's pension bill, which could pre-empt consideration by the House of similar measures.

The only major provision in S. 2769 viewed to be controversial is one requiring that survivor benefits be offered if a plan participant is age 45 and has 10 years of service. Business groups have testified this rule would be too costly, and the administration omitted it from its bill, H.R. 4032.

> *"Part of the difficulty was the need to reconcile the concerns of the employer with the needs of women"*

In the past few years, Congress has been considering several bills that increase benefits for female participants and spouses of male participants.

While the administration has not yet voiced its opinion on the Senate bill, "This is the bill the action is on," an observer stated.

The involvement of 31 senators virtually assures Senate passage. In particular, the leadership of Sen. Dole, who chairs the Senate Finance Committee; Sen. Long, the ranking minority member of that committee; and Sen. Kennedy, ranking minority member of the Senate Labor and Human Resources Committee, is significant.

The measure incorporates provisions of S. 19, which Sen. Dole had sponsored, as well as S. 888, sponsored by Sens. Dave Durenberger, R-Minn., and Bob Packwood, R-Ore.; S. 1700, introduced by Sen. Paula Hawkins, R-Fla.; and reflects the ideas of Sens. Mark Hatfield, R-Ore., and Ted Kennedy in S. 918.

"Part of the difficulty in drafting this legislation was the need to reconcile the concerns of the employer who wishes to provide incentives for long and consistent service with the needs of women whose work patterns differ from the traditional mode," Sen. Dole said.

The main provisions of H.R. 2769 (S. 1978) would:

- Lower the minimum age for participation and vesting to 21 from 25.
- Reduce the minimum age for

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Chicago police trustees pick 7 managers for fund

By Kimberly Blanton

CHICAGO — Board members for the $700 million Chicago Policemen's Annuity & Benefit Fund selected seven Chicago firms to share management of the fund's assets.

The board of trustees picked a variety of Chicago-based investment firms and two banks.

Alliance Capital, previously sole manager for the fund, will be retained to manage part of the fund in an equity account. Kemper Financial Services Inc. also will manage equities.

American National Bank and Trust Co. of Chicago will be given some of the fund's assets for an index fund.

Capital Supervisors Inc. and The First National Bank of Chicago will run balanced accounts for the police fund. Penmark Investments Inc. and Lincoln Capital Management Co. will manage bonds, according to James Waters, assistant comptroller.

The nine-member board, aided by the consulting firm of Ennis, Knupp & Gold, considered managers in Boston, New York, Minneapolis and Dallas, but favored Chicago firms.

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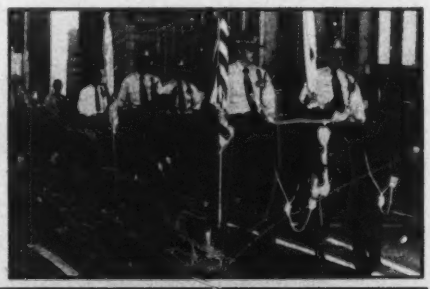

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Cover illustration by Jim Bakasetas

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Late news

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Kellogg Foundation, the Michigan State Employees Retirement System and the Stewart Mott Foundation.

Chrysler Corp. hires 1

DETROIT — Chrysler Corp. added Crocker Investment Management Corp., San Francisco, to its battery of fixed-income managers, a spokesman for the automaker confirmed. Chrysler did not reveal the amount allocated, but a source said it was $25 million.

Northern appointed

CINCINNATI — Procter & Gamble Co. has chosen Chicago's Northern Trust Co. to manage a $25 million balanced account for the profit-sharing plan of its Norwich Eaton Pharmaceuticals division in Norwich, N.Y.

McCausland named

SACRAMENTO, Calif. — Sidney C. McCausland has been named executive officer of the $20 billion California Public Employees Retirement System. Mr. McCausland, who had been deputy executive officer and until recently acting chief investment officer for the fund, will succeed Carl Blechinger, who will retire Dec. 31.

Lambrix exits Armco

MIDDLETOWN, Ohio — Robert Lambrix has left Armco Inc., where he was treasurer and vice president of finance. Mr. Lambrix joined Baxter Travenol Laboratories Inc. as vice president of finance Oct. 25.

He could not be reached for comment.

Atlantic Financial case

BOSTON — U.S. District Judge Joseph L. Tauro has denied motions by Atlantic Financial Management Inc., some of its principals and A.G. Becker Inc. for dismissal of claims for fraudulent activity brought against them under Section 10 of the Securities and Exchange Commission's Act of 1934. The claims were filed by former clients in connection with investment in an oil stock.

He also refused to dismiss action by the plaintiffs under sections 404(a) and 406 of ERISA. The judge did dismiss actions under New York Stock Exchange, American Stock Exchange and NASD rules, other sections of the SEC Act and Massachusetts General Laws.

S&L comment period

WASHINGTON — The Securities and Exchange Commission voted Oct. 27 to ask for comment on whether savings and loan institutions that set up trust departments to handle pension money should be exempt from registering as investment advisers.

Banks are exempt from registration rules; five S&Ls had written the SEC requesting a "no-action" letter enabling them to avoid registration, but the commission turned down their requests, deciding that the issue should be presented to the public.

However, the Department of Labor has never been asked whether S&Ls are "investment managers" under ERISA.

Minard to join firm

NEW YORK — Frank Minard, head of Equitable Life Assurance Society's pension investment consulting unit, will join Oppenheimer Capital Corp. in November as a senior vice president. Mr. Minard will market stocks, bonds and balanced investment products to large corporate and public pension funds.

Bank director named

NEW YORK — Barbara Thomas, who is retiring from the Securities and Exchange Commission in November, will become the first woman executive director of Samuel Montagu & Co. Ltd. Jan. 1.

Ms. Thomas, an expert in international securities law, will maintain offices in Hong Kong and New York for the U.K.-based merchant bank.

Citicorp fund returns

NEW YORK — A special situations stock fund managed by Citicorp Investment Management earned a total return of 38.7% during the first nine months of 1983, and 84.7% for the 12 months ending Sept. 30.

Specialty funds, such as emerging health care stocks, which jumped 29.7% during the nine-month period and 62.6% for the year, beat the Standard & Poor's 500 stock index, which was up 22.1% and 44.1%, respectively, for the same time periods, said Peter Vermilye, senior vice president and chief investment officer.

Employees win conversion suit

By Kimberly Blanton

CHICAGO — A judge has ruled in favor of Velsicol Chemical Corp. employees who charged their employer deprived them of some investment income when it converted a profit-sharing plan to a pension plan.

Judge Stanley Roszkowski of the Northern District Court of Illinois Eastern Division agreed with the 563 employees represented in the class action suit filed by Robert Hickerson, a former Velsicol employee.

The company will appeal the decision, according to Glenn Kanwit, partner at the Chicago law firm, Hopkins & Sutter, which is representing Velsicol.

In April 1975, Velsicol, a division of Northwest Industries Inc., turned the assets in its profit-sharing plan over to a defined benefit plan. Employees claimed that in doing so, the company deprived them of some of the return that accrued to the profit-sharing assets after they were placed in the new plan.

After transforming its employees' benefit plan, Velsicol attributed only 5% of the new plan's 11.5% average annual return to the assets previously under the profit-sharing plan, the suit states. The 11.5% return was earned between the time of conversion in 1975 through 1981. All profit-sharing plan assets, some $4.4 million, were placed in the new plan.

A defined benefit plan, which is insured by the Pension Benefit Guaranty Corp., bases the level of retirement benefits on an employee's salary. Under a defined contribution plan, like a profit-sharing plan, the employer — and

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Who owns corporate America?

As institutional revolution peaks, market transformation clouds issue

THE NEXT 20 years will complete an economic revolution in the country that has brought about the collectivization of the ownership of corporate America.

By 2000, majority ownership of corporate America will have slipped from the hands of investors individually into the hands of investors collectively.

This quiet revolution has been under way for 40 years. But instead of weakening capitalism, or eliminating it, this revolution has strengthened it by making more than 130 million Americans shareholders in the nation's productive enterprises through giant investment institutions.

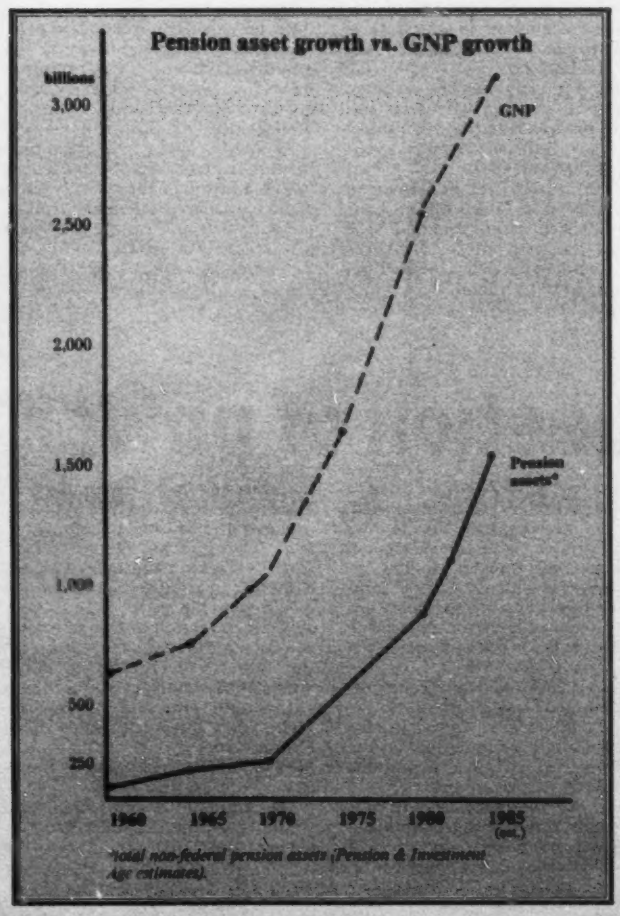
This capitalist revolution, parts of which have been but dimly perceived throughout the past 40 years, will have a profound impact on the very social fabric of the United States. For if it is institutions that will own assets on behalf of most Americans, then who will control the institutions, and who will ensure they act in the best interests of their beneficiaries? What control will the institutions have over the corporations?

At the heart of these concerns is a little-understood American institution — the pension fund — that is only now evolving as an asset pool in such socially advanced societies as Sweden. But this quiet revolution involves more than pension funds. Since the passage of the Economic Recovery Tax Act in 1981, it also has involved mutual funds, insurance companies, even banks and brokerage houses, for ERTA gave a new impetus to the institutionalization of saving and investment.

For the past four decades, however, pension funds have been the major factor in the institutionalization of the U.S. equity markets, to the consternation of some.

Whereas in Sweden the government has introduced controversial legislation to establish "workers' funds" financed by increased corporate taxes to buy stock in the companies on the open market on behalf of the workers, U.S. pension funds have been buying stock for workers for more than 50 years.

The "workers' fund" concept is regarded as revolutionary. Yet through such "workers' funds" — alias pension funds — American workers already own more than 20% of the outstanding stock of the nation's 500 largest industrial companies. Looked at another way, at least 50 million American workers, and perhaps as many as 60 million, own stock in some of America's premier companies through pension funds.



The pension funds have been a major force because of their enormous growth since the end of World War II.

The assets of the nation's private and state and local government pension funds totaled only $17.2 billion in 1950. But by 1980, this had jumped to $769.8 billion and by the end of 1982 it was estimated to have topped $1 trillion. The pension assets have grown at an almost 15% compound annual rate since 1950 under the pressure of new fund formation, sponsor contributions and market income and appreciation. Almost half of that $1 trillion is invested in common stocks.

Other forces

Pension funds were not the only force for institutionalization of the capital markets during the past 40 years. Mutual fund assets also boomed. Total mutual fund assets in 1950 were only $2.5 billion, and they grew to about $70 billion in 1982 (excluding money market funds). Between 25 million and 30 million Americans own stock through mutual funds.

The 1950s and 1960s also were boom periods for insurance companies, endowments and foundations. Life insurance company assets in 1950 totaled $64 billion; this had grown to $612 billion by the end of 1982, the last year for which figures are available. Property and casualty insurance company assets grew from $17.9 billion in 1953 to $248 billion in 1982.

Personal trust assets grew from $108 billion in 1970 to $239 billion at the end of 1982. More recently, employee stock ownership plans have given 3 million to 4 million workers part ownership in about 6,000 U.S. companies.

The latest impulse toward institutionalization of investment in the United States was the liberalization of individual retirement accounts and 401(k) salary reduction plans.

Most of the IRA assets are flowing into banks and savings and loan associations, but about 25% is flowing into mutual funds, giving them a new boost. Mutual funds also are expected to get most of the 401(k) plan assets.

The evidence suggests, however, that the trend toward institutionalization of the markets will peak within 20 years. The insurance industry seems near a peak, unless there is innovation in the field, because the population is near a peak. For the same reason, pension fund growth is likely to peak as existing plans mature and new plan formation is discouraged by congressional action, and mutual fund growth also might slow. Before the trend toward institutional ownership of corporate America peaks, however, institutions will control more than 50% of the stock of major corporations.

About 30% of the stock in the major corporations will be held by institutions on behalf of the nation's corporate and public employee pension funds.

Abundant evidence

The evidence of increasing institutional ownership is abundant. Large block activity, an indicator of institutional involvement in the equities market, has been increasing steadily for nearly 20 years and breaking records along the way.

More than 7.2 billion shares were traded on the New York Stock Exchange in blocks of 10,000 or more shares in the first nine months of 1983, representing an unprecedented 44.64% of total reported volume on the exchange. In all of 1982, 6.7 billion shares were traded in large blocks, accounting for 40.9% of total trading.

In 1981, large block trading represented 3.7 billion shares, or 31.8% of total NYSE trading volume.

It accounted for the trading of only 450.9 million shares, or 15.34% of total reported volume, in 1970.

In 1965, when block trading became a discernible element and the NYSE began recording the statistic, such transactions comprised merely 48.3 million shares, 3.1% of the total reported volume. The burgeoning growth in institutional block trades has become a daily reminder for Wall Street on who is paying the piper and fueling the stock markets.

In September 1983, an average 1,461 block trades crossed the tape daily — roughly 4.06 per minute, surpassing the 1982 average of 2.8 trades per minute. In 1981, the average was 575 block trades daily, or 1.6 per minute.

The establishment of the pension fund industry, its steady growth and its ready use of equities as an investment vehicle in recent decades is at the heart of this increase.

But the strength of pension assets might suffer a blow if there is legislation that shifts the onus of savings to the individual by offering greater tax incentives to save. Such a development could be linked to giving corporations bigger tax breaks for R&D spending, or legislation that could alter the

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The assets of the nation's pension funds totaled only $17.2 billion in 1950. By 1980, this had jumped to $769.8 billion and by the end of 1982 it was estimated to have topped $1 trillion.

By Pavan Sahgal

Who owns corporate . . .

Continued from page 23

tax-exempt status of pension funds.

"People always look at this pile of pension assets, assuming that it is going to grow forever," said Alicia Munnell, vice president and economist at the Federal Reserve Bank of Boston. "It's not going to grow forever. At some point you are going to have a relatively mature system."

Investment counselors expect the growth to continue through the '80s, especially as pension assets continue to swell and investment in tangible assets like real estate is relegated to second place.

"This is the decade for financial assets," declared Peter H. Vermilye, chief investment officer at Citibank. "That's very clear. Tangible assets were valued in the '70s. They're taking a back seat in this decade.

"When institutions control 40% of the equities of the country and move those funds around very rapidly, you have to take them seriously as a force in the market."

Who owns the stock?

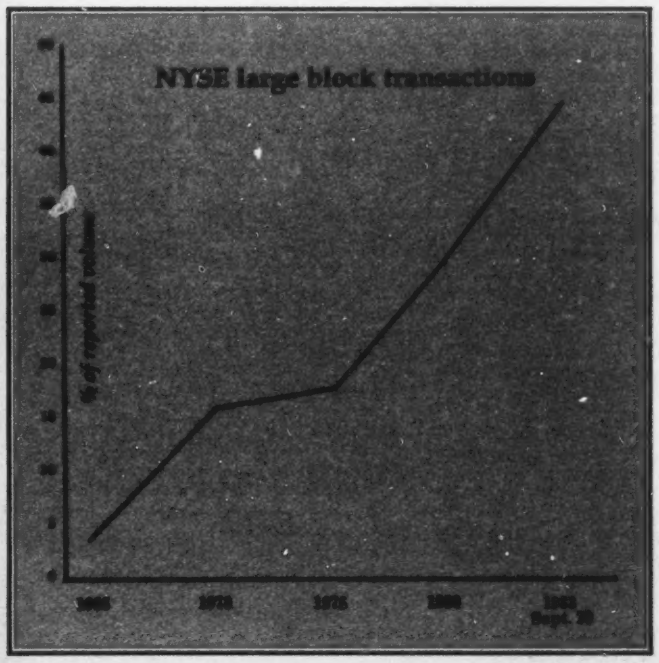
The increase in block trades suggests surging institutional activity, and by implication, ownership of stocks. Yet other figures seem to challenge this perception. They show individuals still hold the largest percentage of stock in America. Federal Reserve flow of funds numbers, sacrosanct statistics, show households owned 70.9% of the total equities outstanding as of June 30. The institutional share was 24.52%, including 11.93% held by private pension plans and 3.87% owned by state and government retirement funds. Foreign investors held 4.57% of the total market.

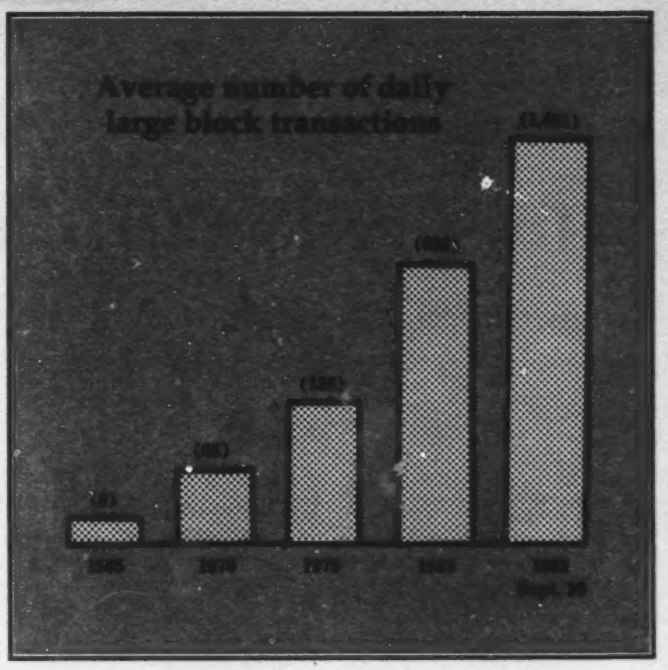
NYSE figures, on the other hand, show in 1980, institutions owned more than 35% of NYSE stocks. Other statistics show the institutions own almost 40% of the Fortune 500 industrials.

According to Pensions & Investment Age's estimate, institutional investors owned roughly 38% of total equities outstanding of the publicly traded Fortune 500 firms on the NYSE at the end of 1981 versus 17.2% in 1960.

Institutional ownership of many companies is far higher. For example, in 1981 institutions owned 89% of AMP Inc., 80% of Mattel Inc., 79% of Lockheed Corp., 78% of SmithKline Beckman Corp., 78% of Gannett Co., 77% of Motorola Inc., 77% of Bausch & Lomb Inc., 77% of Nalco Chemical Co., 72% of Kellogg Co. and 71% of Avon Products Inc.. While the figures for these particular stocks might be very different today, other stocks undoubtedly are as heavily owned.

A Salomon Bros. source declared: "Federal Reserve numbers (on institutional participation in the stock market) are useless."





In Salomon's experience — and others on Wall Street tend to concur — institutional investors are the uncrowned once-and-future king of the financial market place.

There are some who disagree, of course, and point out that market dominance by individuals and institutions might be another cyclical phenomenon. Before the Civil War, for example, investment bankers were the ones who financed the railroads and national development.

"Numbers from the various sources do not make sense," said Laszlo Birinyi Jr., vice president, equity market analysis, at Salomon. "I am a block trader, and I know what is going on in the marketplace. We buy and sell stock, and we know whether they are going under nominee names, or whether they are going from this account or that account.

"In the first place, actual numbers aren't even compiled by firms until nine months after the calendar year. So how can the Federal Reserve tell you every three months what the actual numbers are when the corporations do not even know?

"The revisions in these numbers can be pretty dramatic. As in 1977, for instance, when the Labor Department found the SEC statistics on pension funds were off by $100 billion or so. That's a huge revision."

Individual ownership

Various factors suggest direct ownership of stock by individual investors might wane in the long term. The trend does not decry the importance of individual investors. Rather, it attests to the complexity of the information that the computer era is spitting forth, intimidating the individual and increasing the need for risk diversification and a sophisticated understanding for anyone to profit from financial assets.

More and more individuals are tending to own stock indirectly via such diversified assets as mutual funds and pooled IRAs, which are managed by institutions or independent investment counseling firms, and the trend is likely to burgeon as the reality of the financial markets hits home.

In 1980, the NYSE reported 133 million Americans indirectly owned corporate stocks through pension plans, mutual savings banks and life insurance policies, compared with 32 million who owned shares directly.

"I think individuals have no business owning stocks (directly)," said Fischer Black, professor of finance at the Massachusetts Institute of Technology's Sloan School of Finance, and an authority on the capital markets.

"Individuals can get better diversification owning a mutual fund or a defined contribution pension fund. They should not go ambling after A, B or C stock, with the exception of certain very wealthy individuals who can diversify, even though they hold individual stocks, and corporate managers who own stock in their own company."

In the 1950s, individual investors had reaped the rewards of direct investments in the stock market while institutions, in a conservative posture, tended to favor parking money in fixed-income securities.

In the early 1960s, institutional investors — mainly pension funds and insurance companies — sighted the bulging pockets of the individuals, rich with their stock market gains, and began to gravitate toward equities as a viable and rewarding investment vehicle.

Pension fund money has provided the single greatest increase in new institutional cash flowing into the capital markets since the 1960s.

Industry observers project the increase in pension fund assets is likely to continue through 2000, before leveling off.

P&I Age estimates the nation's pension assets — private, state and local government — probably reached a little more than $1 trillion at year-end 1982.

Of these, private non-insured assets reached $544.3 billion, private insured assets reached $223 billion and state and local government assets reached $236 billion, totaling $1,003.3 billion.

The figures were calculated by extrapolating the latest available figure for each type of fund by the historical growth rates. These growth rates are around 15% a year.

If the growth rate should drop to 9% from now on, the total pension assets will reach $3 trillion by 1995, as predicted by former President Carter's Retirement Commission. If the growth rate should drop only to 12%, the funds will reach $3 trillion by 1992 and $4.3 trillion by 1995.

Between 1960 and 1970, pension assets swelled 174%, from $71.5 billion to $196 billion, money that steadily was plowed into the capital markets.

The effect on capital

The impact of the institutionalization of the market on capital formation is a matter of dispute.

It could help accelerate industrial growth, some claim. They argue it makes both the capital raising process and the allocation of capital more efficient. Others disagree, citing the risk-averse nature of institutions.

In the reasoning of those who look favorably on institutionalization, more efficient allocation of capital means early retirement for anachronistic and weary businesses, and greater efficiency and economic growth in the nurturing of new ones.

"A lot of people would claim that institutions tend to be very conservative and that, consequently, this could slow down economic growth or that you could concentrate economic growth in the hands of fewer companies, larger com-

Continued on page 26

$1 trillion in pension fund assets

Question of ownership is a question of power

By Nancy Webman

DALLAS — The U.S. capital markets are being fueled by a $1 trillion source of capital with no clear owner, albeit plenty of volunteers who want to assume that role.

That source of capital is pension fund assets, money which has become an integral part of financing corporate America, from stocks and bonds to venture capital and real estate.

Debate over who owns and controls those assets is not new. What is new, however, is a growing belief that it is becoming increasingly necessary to answer the question. That need stems from recent occurrences in the pension area, including plan terminations and reversions of excess assets, non-cash contributions, social investing and the use of pension assets to ward off corporate takeover attempts.

Legally and technically, pension assets are the property of a trust, a third-party beneficiary trust created by a corporation, a government or a union for the exclusive purpose of providing benefits to plan participants.

But what sounds good in theory is not always so cut and dried in practice. Such is the case with the ownership and control of pension assets.

Economists, professors, money managers, sponsors, attorneys and other professionals in the pension field repeatedly point to the ambiguity of the issue. Some even jokingly compare it to the search for the meaning of life.

"There's an answer to the meaning of life; that's death. There's no answer to who owns the pension assets," said Peter Drucker, Clarke professor of social science and management at the Claremont College Graduate School in Claremont, Calif.

Jeremy I. Bulow, a professor in the graduate school of business at Stanford University, said the waters have been muddied further by recent events.

When Grumman Corp. used pension assets to purchase company stock in an alleged attempt to fight a takeover by LTV Corp., Professor Bulow said, plan participants sued, and the interpretation that follows is that the assets of the Grumman plan are meant to be for the employees. Yet more than 100 companies have terminated their pension plans and have recaptured the excess assets for use in their corporate coffers.

"It's a logical contradiction," Mr. Bulow noted.

At first glance, another cause for concern might be the effect on the economy of this huge pool of money that has an undefinable owner. But the more than 12 professionals interviewed minimized that concern, referring to the fact that plan trustees are empowered by law to direct the investments of these assets and/or to hire others to orchestrate the investments. Buying, selling, trading and other functions within the marketplaces continue regardless of the debate over ownership.

If plan participants had more control over the assets in their pension funds, "we probably wouldn't see dramatic changes because they still would be interested in the highest rate of return," said Alicia Munnell, vice president and economist at the Federal Reserve Bank of Boston.

Ms. Munnell predicted the result would be an increased diversity of investments into such areas as

Continued on page 76

10th Anniversary

Asset growth soars in decade

10 largest private funds swelled from $25 billion to $97 billion

10 largest corporate funds: assets ($ millions)	1972	1982
AT&T	$8,885	$40,100
General Motors	3,570	13,800
General Electric	2,302	7,388
IBM	1,022	6,986
Ford	2,509	6,038
DuPont	1,816	5,253
U.S. Steel	2,239	5,566
Exxon	1,102	3,530
Westinghouse	802	2,815
Eastman Kodak	346	3,093
Mobil	360	2,200

NEW YORK — The assets of the nation's private pension funds have doubled every five years and now total more than $760 billion.

The growth of these assets is shown vividly by the growth of 10 large corporate pension funds and 10 investment management firms during the past decade.

Ten of the largest corporate pension funds had assets totaling $25 billion at the end of 1972. By Sept. 30, 1982, they had assets totaling $97.3 billion, showing a 14.5% compound annual growth rate.

However, the growth rates of the funds vary significantly, depending on the age of the plan, the nature of the company and its industry.

The American Telephone & Telegraph Co. pension plans, for example, had assets at the end of 1972 of $8.9 billion. By Sept. 30, this had grown to $40 billion, a 16% annual growth rate.

In 1972, the AT&T pension assets were in more than 20 separate pools managed independently by the regional Bell System companies. In 1980, the funds were merged into one asset pool overseen by an investment staff at AT&T headquarters in New York.

Now, under the breakup of the Bell System as part of an antitrust case settlement, the assets will be parceled out among eight operating companies.

One of the fastest growing pension funds in the past decade has been the IBM Corp. pension fund. It grew at a better than 20% annual rate from $1.022 billion in 1972 to $7 billion on Sept. 30, 1982, to $10.1 billion on Sept. 30, 1983. The IBM fund is projected to grow to $25 billion by 1990 and $65 billion by 2000.

These projections rest on critical assumptions about economic growth, company growth, salary growth, a 5% inflation rate and a capital market that provides a good equity risk premium. They also assume 60% of IBM's fund assets will be invested in U.S. and foreign equities. This last assumption might change, however.

The heavy industry pension funds have had a slower growth rate. The Ford Motor Co. and United States Steel pension funds, for example, each grew at a little more than 9% a year during the decade. The General Motors Corp. pension fund was an exception; its fund assets grew at a 14.4% rate from $3.5 billion to $13.8 billion.

As the assets of these pension funds grew, so did the number of money managers they used. The types of managers used changed also. For example, in 1972 these funds used 107 banks, five insurance companies and 29 investment counseling firms. In 1982, they used 90 banks, 18 insurance companies and 101 investment counseling firms.

Eleven banks had been counted twice within the Bell System in 1972 because each was used by more than one Bell subsidiary. This double counting was ended when the Bell System funds were merged in 1980, accounting for some of the decline in the number of bank assignments.

More significant than the decline in the number of bank appointments is the surge in the number of investment counseling company and insurance company appointments.

This clearly shows investment counseling firms were the big winners in terms of market share within the pension industry during the period. But insurance companies more than held their own, largely because of sales of guaranteed investment contracts and real estate investment funds.

Where AT&T and its subsidiaries used only 15 investment counseling firms in 1972, they used 48 in 1982. Similarly, while General Motors used 12 banks in 1972, it used 14 banks in 1982, but it also used three insurance companies and seven investment counseling firms.

In 1972, IBM used four banks and four investment counseling firms to manage $1 billion. That shifted to four banks and 15 investment counseling firms for $7 billion 10 years later.

In 1972, Eastman Kodak Co. used seven banks and one insurance company. In 1982, it used two banks, four insurance companies and nine investment counseling firms.

Mobil Oil Corp., which in 1972 used three banks, three investment counseling firms and one insurance company, used five banks, seven *counseling firms and two insurance* companies a decade later. ■

Trust banks' portion devoured by other firms

Institutions wrestle for lion's share of market

By Richard J. Gillespie

NEW YORK — Pension funds are the fastest growing sector of the U.S. financial market, and the institutions managing fund assets are growing with them, claiming effective control over vast amounts of the nation's wealth.

However, great changes are taking place within the investment management world as some types of institutions lose market share and others gain.

The growth of the nation's corporate and state and local government pension assets makes them a prize worth pursuing for the financial institutions.

According to *Pensions & Investment Age* estimates, the top 1,000 pension funds grew by about $280 million every day in the 12 months ended Sept. 30, 1982.

That year, American Telephone & Telegraph Co. alone invested $1.95 million in new contributions to its employee benefit funds each working hour.

These funds are being fought over by banks, insurance companies, investment banking firms, brokerage firms, independent investment counseling firms, mutual funds, real estate developers, oil and gas drillers, venture capital partnerships and even foreign merchant banks and brokerage concerns.

At least 50 new investment management organizations have been formed so far this year to seek to manage pension assets, at least 50 were formed in 1981, and a slightly smaller number in 1982. Some of those formed in 1981 are managing almost $500 million each.

The regular formation of new investment organizations by investment professionals departing banks, insurance companies or other investment counseling firms is just one of a number of trends within the institutional investment world.

Another trend on which a number of investment management consultants agree is that in the past decade, billions of dollars in pension assets have slipped out of the clutches of the trust banks.

Instead, an increasingly high portion of new pension fund cash is falling into the hands of insurance companies and the entrepreneurial investment counseling firms.

A third trend is also clear: a broad-based movement to diversify pension funds across asset classes, which has driven pension managers into new areas such as real estate, international investments, oil or gas deals and venture capital.

A fourth was spotted by two consultants: some money managers have discovered the small and medium-sized pension fund market, which formerly was ignored by almost everyone except bank trust departments.

Of all these trends, by far the strongest is the failure of bank trust departments to maintain their market share.

"(Figures show that) the bank trust departments have taken a beating since 1975," according to Allan Grody, a partner with Coopers & Lybrand who carried out a major survey on trends in the banking industry.

The banks' lapsing market share has been partially concealed because of the phenomenal growth in the total amount of pension fund dollars available for investment. But while the total amount managed by banks might have grown, their relative share has shrunk, figures show.

However well the banks did in the past decade, the investment management boutiques and the insurance companies did better. Where investment boutiques offered specialized management, insurance companies plowed into the market with some popular investment alternatives, among them guaranteed investment contracts and real estate commingled funds, as well as some new specialized fixed-income management techniques evolved through the management of their own assets.

At the same time, mutual funds were nibbling away at the low end of the pension fund market. More recently, brokerage firms, long considered the pariahs of the investment management community, have been attracting an increasing share of the bank trust department's bread and butter.

Most theorists consider the banks have lost market share because they are unable to hold onto investment talent. The most successful investment management strategists seem to find it hard to live within the rigid corporate and salary structures of a bank.

At the bottom line, bank board chairmen and presidents seem to find it hard to pay the kind of salaries investment managers can demand. Where 10 years ago a bank chairman would choke on the prospect of paying managers their market worth, recently an easier way around the problem has been found.

Banks increasingly are splitting trust divisions off into seemingly independent subsidiaries, thereby removing investment managers from the jealousies and rivalries that pervade large organizations.

"Ever since the late 1970s, you have seen banks spinning off their trust departments into stand-alone investment management companies, giving them a new name and a new president, and for all intents and purposes, trying to meet the competition by being like them," said Mr. Grody of Coopers & Lybrand.

The list of banks that have adopted this strategy to stem the erosion in relative market share reads like a "Who's Who" of American trust banks. That list includes such names as Bank of America, which set up BA Invest-

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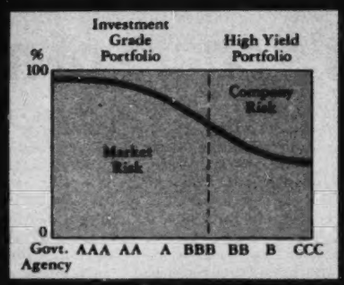

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Institutions wrestle for share . . .

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ment Management Corp.; Chase Manhattan Bank, Chase Investors Management Corp.; and Crocker National Bank, Crocker Investment Management Corp.

Most recently, Chemical Bank set up Favia, Hill & Associates in New York, and Mellon Bank hired the chief investment officer and several other key bank personnel from Wells Fargo Investment Advisors to set up Mellon Capital Management Corp. in San Francisco. Banks evidently are trying to give pension fund sponsors the impression their trust investment divisions are independent organizations, according to Mr. Grody. But is it just a question of disguise?

"Most of these entities are registered investment advisers under the 1940 act, which again is a small point, but technically these organizations are trying to make themselves look like investment counsel firms," said Paul Berg, president of Berg Fiduciary Consultants.

"But to date they have been reluctant to share equity with the principals running the units. They have set up incentive arrangements, but they don't compare to owning 40% of the company."

The question remains whether truly gifted bank investment managers will remain with the newly "independent" investment counseling firm when they could be getting a six-figure share of equity instead of a five-figure salary.

It is an overriding problem faced by not just the banks.

Even the new investment counseling firms face this dilemma, where the second-tier principals who believe they are not getting their fair share go off on their own, often taking with them a couple of their former accounts.

In this way, Montag & Caldwell of Atlanta grew out of Wall, Patterson, McGrew & Hamilton; Pacific Financial Research of Beverly Hills was started by James Gipson, formerly with Batterymarch Financial Management of Boston; and McCowan Associates of New York originated out of Goldman, Sachs & Co., to name a few.

The trend toward setting up independent investment subsidiaries is, in Mr. Berg's view, simply part of a deeper-rooted movement toward specialization and independence in the money management industry. The bottom line, he said, was that banks, investment counseling firms and insurance companies are converging on the pension fund market in the same way that investment counseling firms always have approached it, with specialized products on an unbundled fee basis.

"Banks, years ago, were able to depend upon fails float and uninvested cash balances to bring the bank into the black," Mr. Berg said.

"That has gone by the wayside. As a result, the banks have moved to an unbundled fee structure where each entity must stand on its own for profitability, which caused banks to spin off investment counsel-like subs."

Where pension funds once might have received investment management, custodial and trust services in a single package, unbundling costs to make each bank department stand on its own feet will have one inevitable consequence, Mr. Berg said: higher fees.

He said the trend to higher fees probably would continue because "plan sponsors do not seem reluctant to pay them."

Beyond increasing specialization is the growing interest in small and medium-sized pension funds.

The low-end market is one in which mutual funds and brokerage firms are expected to excel, but it is also one in which bank trust departments are well-placed, according to Edmund Mennis, former chairman of the $2.5 billion trust investment subsidiary of Security Pacific Bank, Security Pacific Investment Managers.

Today, Mr. Mennis acts as a consultant to investment managers, advising them on where to target and how to market their services. The small and medium-sized funds are the high growth area of the business, he suggested.

"The mutual funds have not made much of a dent in the corporate pension fund market," said Mr. Mennis, who now is assisting two mutual funds in attracting smaller pension funds.

"There is an effort to get into that smaller market. I think the banks can do it with the commingled funds, the insurance companies because of guaranteed investment contracts, and the mutual funds because of their wide selection," he said. ■

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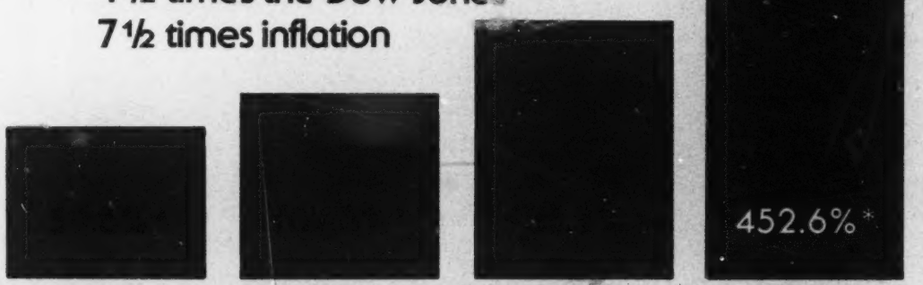

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Who owns corporate America . . .

10 largest block transaction in the first nine months of 1983

date	stock	size of transaction
5/25	Ramada Inn	7,000,000
6/14	General Tire & Rubber	6,020,600
3/30	RCA	5,368,900
4/27	J.P. Stevens	3,967,000
2/1	Alcan Aluminum	3,200,000
6/23	Gulf & Western	3,088,700
9/28	Continental Corp.	2,579,700
1/6	Aluminum Co. of America	2,500,000
8/12	Brunswick Corp.	2,490,000
9/1	Bethlehem Steel	2,321,300

10 largest block transactions of all time

date	stock	size of transaction
5/25/83	Ramada Inn	7,000,000
9/10/82	Federal Natl. Mortgage Assoc.	6,290,700
6/14/83	General Tire & Rubber	6,020,600
3/30/83	RCA	5,368,900
6/16/82	United States Steel Corp.	5,250,000
3/14/72	American Motors Corp.	5,245,000
4/8/82	Houston Industries Inc.	4,500,000
2/18/82	Dow Chemical Co.	4,000,000
4/27/83	J.P. Stevens	3,967,000
12/30/81	Duke Power Co.	3,335,800

Source: New York Stock Exchange

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but we all know that the pension fund assets have been growing tremendously," observed Richard B. Lohrer, treasurer of the Northrop Corp. in Los Angeles. "I have never heard of a company that contributed less this year than it did last year to its pension fund."

Catering to small companies

The thirst for new equity in the '80s might lead to an increase in investment banking boutiques catering to small and medium-sized companies, according to some observers.

From the investors' point of view, such firms could help identify new ventures and provide an opportunity to realize higher returns.

"I worked very hard to get the "prudent man" rule expanded, and finally got it to where you had to look at the entire portfolio just to make that judgment, rather than just looking at that company," said Sen. Lloyd Bentsen, D-Texas, a member of the Senate Finance Committee, the Joint Economic Committee and the Joint Committee on Taxation.

"I think (the rule) ought to be expanded some more in order to do all we can to encourage portfolios to look not just at the Fortune 500 but to look at some of the smaller companies and to provide venture capital and to try to provide capital to small business.

"There can be some enormous rewards when they find a real winner. It has to be done legislatively. What you normally see is that pension managers have been quite conservative in their investment strategy.

"I don't think you can get a position where you coerce the management of pension funds into venture capital. But I do think that you ought to do those things that you can . . . to give the pension fund manager more freedom to do so."

From the viewpoint of the portfolio manager, however, it takes a disproportionate amount of time to keep up with smaller companies than it does to follow the moves of the mature firms.

Some critics charge that portfolio managers have developed a herd instinct, to the extent that they "study each other's portfolios" rather than study the management, the experience and the markets of the companies themselves.

"I would think that the funds that invest in the S&P 500 may not do as well as those that invested in the Wilshire 5,000," said William L. White, Sylvan C. Coleman professor of financial management at the Harvard Business School. "I would bet that you ought to do that. The state pension funds that don't invest in the littler companies may do less well."

The Wilshire 5,000 is a broad market index that includes the companies in the S&P 500 and smaller companies.

"I don't think that the problem of the '80s is going to be a lack of money for little companies," Mr. White continued.

"I think there is also going to be a big interest on the part of (small) corporations that want the money to find investment banks that will open the market to them. I think there will be a great search on the part of savers and companies for these specialty firms.

"Now, I guess I do believe that Morgan Stanley and the like will try to develop such a capability. But I think there still will be big business in financing mature companies, which I think the larger investment banks will do."

Pension funds' focus on stocks and bonds will undergo changes in

Continued on page 62

Illinois lists record return

CHICAGO — The $1.6 billion Illinois State Board of Investment had its highest return ever in fiscal 1983, according to the board's annual report.

For the year ending June 30, the fund earned 44.1%, the best return earned by the board since it was established 12 years ago.

The fund comprises the General Assembly Retirement System, the Judges' Retirement System and the State Employees' Retirement System of Illinois.

Last year proved a good one for public funds. The Los Angeles Fire and Police Pension System earned a 46.9% return in fiscal year 1983 ending June 30, the highest return in its history.

A shift in asset mix brought the Illinois fund good returns. The report states: "The Board's steadfast policy of retaining the fund's fixed-income position coupled with the increase in common stocks contributed significantly to the fund's dramatic results."

Equities made up 51% of the $1.6 billion board's investments during 1983.

In May, the Illinois fund placed $50 million in mortgage pass-through securities issued by Investors Conduit Corp.

The mortgages will be issued for newly constructed residences in Illinois.

It also hired three real estate managers in 1983, in pursuit of its goal to hold 10% of the fund in real estate.

The First National Bank of Chicago, JMB Institutional Realty and Heitman Financial Services were chosen.

The fund's management fees dropped in 1983. Fees were $451,116 in 1983, or 0.03% of pension assets, against $471,045 in 1982, 0.04%. ■

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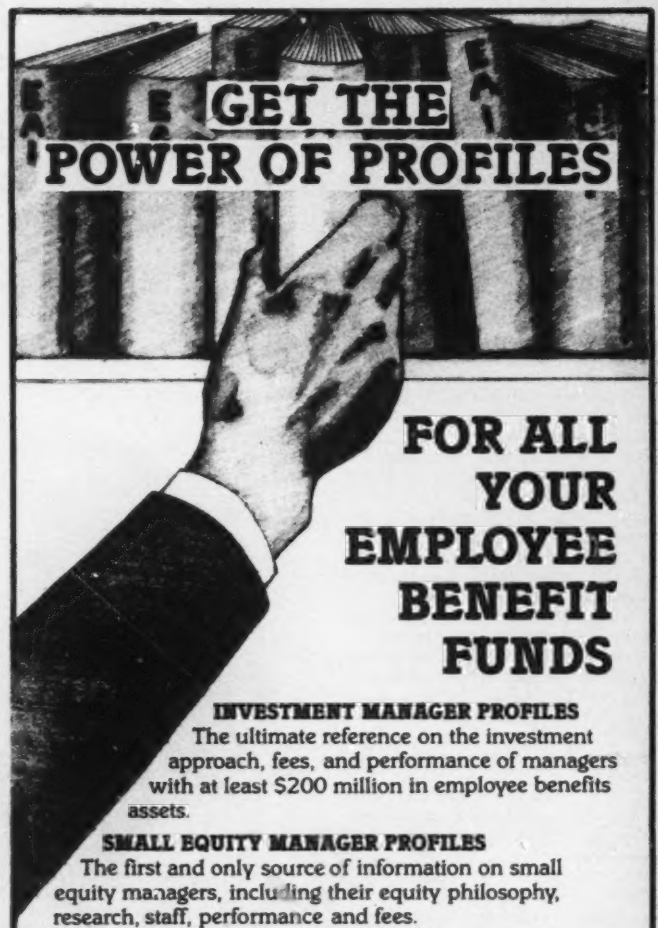

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the next two decades, said Charles Miller, president of Criterion Investment Management Co. in Houston, which manages more than $5 billion.

Mr. Miller does not share the premise that industry ownership is increasing as steadily as the consensus says it is. In his opinion, institutions came to hold a large share of the equities market because negative tax laws — such as higher capital gains taxes — made stock investments a poor choice for individual investors in the 1970s.

"Stocks aren't and didn't turn out to be an inflation hedge during the most sustained and rapid inflationary period in history," he said.

The system encouraged individuals to own real estate and other tangible assets. "Institutions became big owners of equities, and it was a mistake," he said.

Recent tax law changes have made stock investments again favorable for individual investors. But individual participation in the equity markets is likely to be channeled through institutional vehicles.

"(The 1980s) will be an environment where a number can prosper, not one against the other," he said.

Pension funds — the least regulated of any major pool of money — might be more and more pressured to diversify in the evolving financial environment.

"There's no financing function the pension fund shouldn't be doing, probably," Mr. Miller reflected.

That realization already is crystalizing in the financial industry. For instance, the mortgage industry — a major user of credit — is repackaging its products in forms pension funds can use.

The other institutions also are evolving. The mutual fund industry, for example, continues to offer an ever wider range of investment vehicles, including a number of very specialized equity funds that invest in specific market segments.

Banks, insurance companies and even brokerage houses are evolving into full-service financial institutions. Their competition for the investor's dollar will accelerate the institutionalization of personal investing.

"Give me too"

As more and more eyes watch the growing institutionalization of the markets, and the growth in pension assets that is propelling it, a "give me too" mentality has been forming among eager onlookers.

Pension assets no longer are viewed, especially by politicians, merely as retirement funds for working America, but as pools of capital for national or regional development.

Such pressures also visited other financial institutions in the past. For instance, under pressure from the Johnson administration in the mid-1960s — and into the early 1970s— the life insurance industry obligated itself to support the national housing program and tried to reach agreed-upon targets to make job-creating investments.

As a result, to this day, the insurance industry has a corporate social responsibility clearinghouse, the American Council of Life Insurance, in Washington D.C., through which companies exchange information on their investment plans. Such investments, a fraction of total insurance investments, are a specialty function.

"Pension funds are a unique national resource," said Lawrence Litvak, author of "Pension Funds and Economic Renewal" and an investment officer with the asset management division of U.S. Trust Co., Boston.

"They are a type of financial intermediary that doesn't exist in Japan or Western Europe (with the exception of the United Kingdom), our competitor countries.

"Secondly, they have very long time horizons and financial characteristics that make them more suited to investing in equities, and generally in more aggressive investments than other financial institutions or individuals.

"They have large portfolios, which make them very efficient poolers of risk, and they are sizable enough that they can support sophisticated investment management services. So, vis-a-vis individual investors, they are in a better position to make equity investments and not just in publicly traded equities, but in venture capital and in other areas as well."

Some argue, therefore, that pension assets have certain positive characteristics for an economy that needs a maximum amount of growth-oriented, "patient" capital.

Pension funds have the ability to bear risk and illiquidity in Mr. Litvak's view.

"How productively those funds are invested will determine in aggregate how well the economy does, and in turn the real levels of consumption for both retirees and workers for decades in the future," he said.

Constraints

Certain instititutional and legal constraints exist that tend to limit productive investments, in Mr. Litvak's view.

"With the public pension funds, it is most obvious on the legal side in the way that they are regulated," he said. "Generally, (they have) legal list kinds of regulations that are often quite archaic and don't allow efficient investment, and really restrict capital much too heavily to mature larger corporations.

"On the private side with ERISA, that has in large part been remedied, at least since the summer of 1979 when ERISA started being interpreted in a more liberal fashion.

"But there are still things that come up with private pension regulation, such as the interpretation of what a plan asset is, and how that will affect the ability of pension funds to invest in venture capital.

"Most of the policy-making for these large pools of capital is done by part-time, relatively unsophisticated trustees.

"Even the more conservative elements of this industry ought to be concerned with the pattern of investments by pension funds, and obviously they can dismiss the question by saying: 'If they are unfettered, and they are, then they will do what's best to pursue the highest risk-adjusted returns and we don't have to worry about it.' But there are clearly factors at play that make it more complicated.

"Economywide, there need to be changes that facilitate good productive investments on the part of pension funds. I think part of that needs to be done at a regulatory level, through creative deregulation. There ought to be a federal pre-emption of state legal lists to substitute an ERISA-type regulation for public pension funds — at least one-third of all pension capital is public.

"The federal government and state governments, as some have already, need to become more active in promoting investment vehicles that will help bridge the institutional gap between pension funds, or large pools of institutional capital, and the very large number of medium-sized and smaller enterprises around the country.

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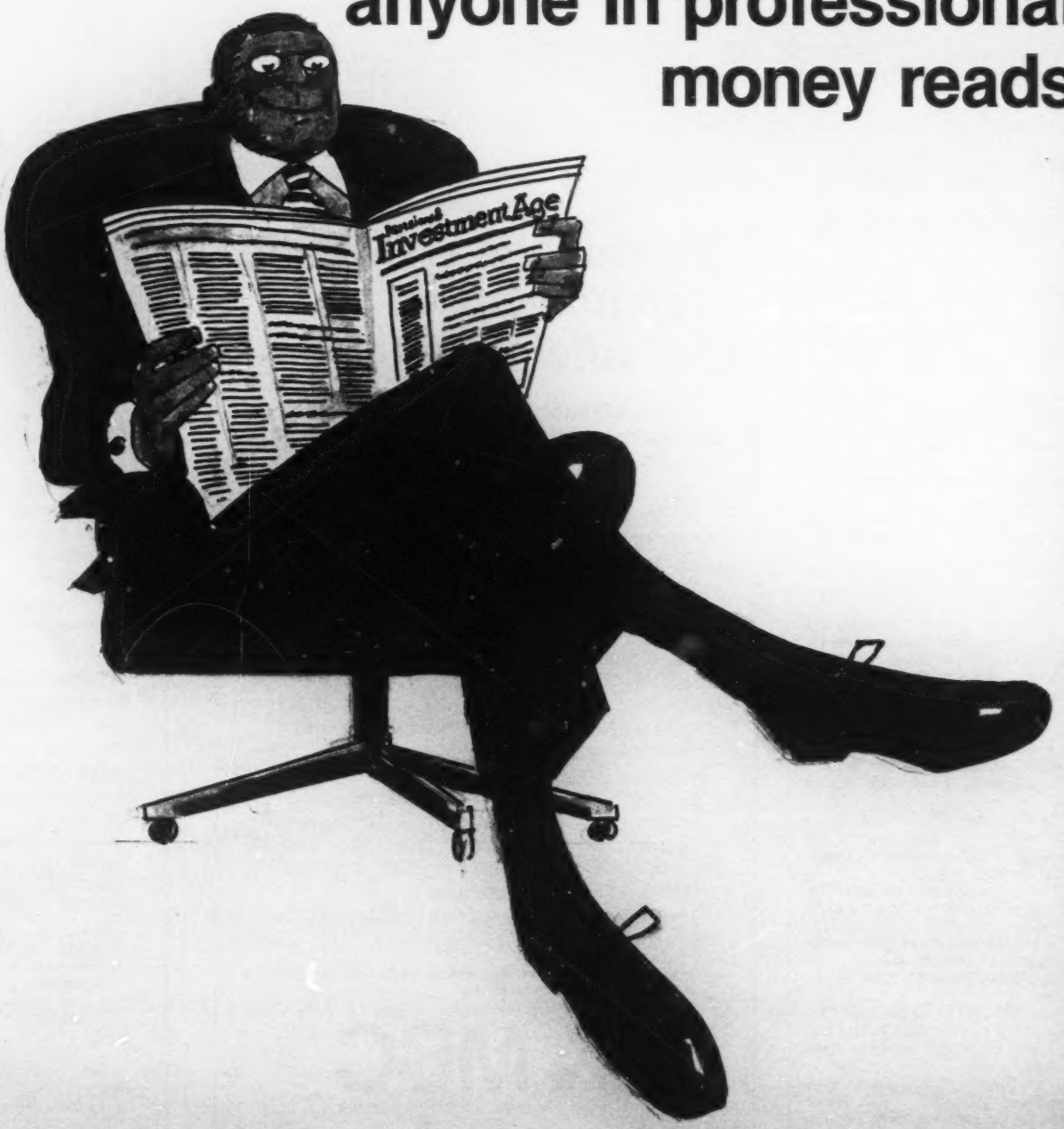

Total asset growth projections

	1960	1970	1983	1985**	1990**	1995**	2000**	Annualized rate of growth 1960-83
Households	973	1,926	5,871	6,860.6	10,127.3	14,949.3	22,067.3	8.1
Foreign	63	132	502	601.9	947.6	1,491.7	2,348.3	9.5
Mutual funds	17	47	120	142.3	218.0	333.8	511.3	8.9
Life insurance cos.	116	201	605	699.2	1,003.7	1,441.0	2,068.7	7.5
Other insurance cos.	26	50	222	267.6	427.1	681.7	1,087.9	9.8
Private pension plans	38	110	609*	763.9	1,346.3	2,372.7	4,181.4	12.0*
State & local gov't plans	20	60	303	384.2	695.4	1,258.7	2,278.2	12.6
Savings institutions•	118	270	1,042	1,258.5	2,017.7	3,234.7	5,186.0	9.9

•All savings institutions listed in sector statements, combined.
*Pensions & Investment Age estimates.
**P & I Age projections based on annualized rate of growth 1960-1983.

Source: Board of governors of the Federal Reserve System, flow of funds accounts, sector statements of financial assets and liabilities.

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"The issue of legislation that affects pension funds up until two years ago was very obscure, now it is an important middle-level issue — not like the budget deficit or what to do about Marines in the Lebanon, but no longer is it an arcane area of our policy."

In the opinion of Karen Ferguson, director of the Pension Rights Center, there might be growing demands to free pension fund money from control by corporate sponsors. The center, a non-profit organization that represents pension participants, is more heavily involved in benefit issues than in investment issues.

Political pressures

The fragmented pension industry — where each company caters to its own interests — will be confronted by increased investment pressures in the future.

"As pension funds grow, they'll certainly gain political attention in Washington," said Dan Forrestal, president of InterFirst Investment Management, Dallas.

The potential "political sensitivity" is especially increased for pension funds with the funding deficiencies of the Social Security program

"Pension funds will continue to play an important role in the institutionalization of the saving and investment function because inflation has made people realize that the Social Security system is, essentially, only a backup," said Rep. Timothy E. Wirth, D-Colo., chairman of the House Democratic Caucus' Task Force on Long-term Economic Policy and chairman of the House Energy and Commerce Committee's Subcommittee on Telecommunications, Consumer Protection and Finance.

"The more liberalized tax treatment of IRAs reflects a recognition that inflation means an additional backup system to the two we already have is needed, and the recognition of the need to increase the savings rate," he added.

Politics already has affected the direction and the rate of the institutionalization of savings and investment, and thus the ownership and control of corporate America.

The passage of ERISA in 1974 caused money to flood into pension funds as companies began to fund their plans more systematically. In addition, it heightened the awareness of employees that indeed they were covered by a pension plan and, provided they met certain conditions, they could expect to receive a pension from their employers.

However, ERISA caused a modest change in the shape of pension coverage, slowing the rate of defined benefit plan formation and accelerating the rate of defined contribution plan formation.

In a defined benefit plan, em-

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ployees have no direct connection with the investments held to their benefit by the pension trust. They simply have the promise that the investments back the monthly pensions they have been promised, and they have the corporation and the Pension Benefit Guaranty Corp. to fall back on, should some disaster strike the investment portfolio.

In a defined contribution plan, however, the employees have individual accounts that gain or lose value as the investments in the fund increase or decrease in value. The employees' pensions are tied directly to the fortunes of the investments in the fund.

Thus, defined contribution plans encourage greater employee involvement in the investment process, if only as observers. The feeling of ownership of the assets is greater. Employees are more likely to object to particular investments.

The new shape

This impact of ERISA is being reinforced by later developments that are fostering the defined contribution and employee involvement mentality. The passage of the Tax Equity and Fiscal Responsibility Act of 1982 seems to have discouraged again the formation of defined benefit plans and to have encouraged defined contribution plans.

Before TEFRA, the passage of the Economic Recovery Tax Act of 1981 liberalized rules for individual retirement accounts and encouraged 401(k) salary reduction plans, both of which are, in effect, defined contribution plans.

Both allow individuals the opportunity to direct their own investments.

Confronted by apparent threats on several fronts and encouraged by rapid asset growth that has left their plans overfunded as regards current liabilities, many companies are terminating their defined benefit plans, recapturing the surplus assets and starting defined contribution plans in their place. Among the perceived threats are increasing pension costs, a Congress that seems hostile to defined benefit pension plans and a Financial Accounting Standards Board proposal to put pension assets and liabilities on the balance sheet.

The next generation of pension plans thus might be defined contribution plans, which place the investment and retirement burden on plan participants.

Here to stay

The institutionalization of the markets, nevertheless, is here to stay — even if there is a tremendous growth in individually directed investments.

"The retail market is tending to become institutionalized," said Thomas W. Archibald, senior vice president at the trust and investment services division at Irving Trust, New York.

"The financial industry is out with tremendous advertising campaigns, and the investment vehicles they are talking about — mutual funds and so forth — are in many cases institutional vehicles.

"You have literally millions of Americans now opening IRA accounts and getting used to investing through institutional vehicles. And the longer they have that IRA and the bigger it gets, they are going to get acclimated to using the services of an institution. That's a psychological factor there. Institutions are not going to be perceived as being dehumanized.

"The individual investor was mauled by the collapse of the stock market in 1973-'74. Even today, he has not fully recovered from that beating, consequently he stayed out of the market for a long time. Slowly, he came back. And when he came back, there was a tendency to find an institutional vehicle.

"There used to be a standard bromide on Wall Street that when your cab driver started to give you stock tips or when you heard excited conversation on the train about common stock, you were aproaching the top of a bull market. It was time to get out. I hear far fewer comments from cab drivers or people on the train this time around. I think it may mean that they are no longer investing on their own."

"The financial markets at this point in time are intimidating to many individual investors," explained Hugh A. Johnson Jr. of First Albany Corp. "This is a result of what I would call, almost, the dehumanization of the marketplace.

"First of all, the most important thing that they're intimidated by, the most obvious thing, is the extreme volatility. I think that most people that you talk to will mention that if there's anything that's different today than existed in say 1968-'70, is that the markets, particularly the bond markets, are becoming extremely volatile.

"It takes a certain disposition to approach the financial markets. Obviously, if you're going to buy a bond today and find out that it's down five points tomorrow, you tend to be somewhat intimidated by that. If you thought it might be down a quarter of a point tomorrow or half a point tomorrow, you'd be less intimidated. The volatility of the financial markets is the reason for the dehumanization or the intimidation that has occurred.

"The amount of volatility that I'm talking about exists in both the stock and the bond market."

Bewildered

Another element responsible for intimidating individual investors is the overwhelming explosion in the amount of information available on a company, its industry and almost all phases of the business process. At the same time, the social trends are pointing Americans toward enjoying their leisure time.

"Not only is the amount of information staggering, it's really left many of the individual investors somewhat bewildered and inclined to turn over the decision-making to money managers, be they mutual funds — if they're small investors — or mutual funds investment advisers, or whoever," noted Mr. Johnson.

The thesis that many individuals returning to the market, or approaching it for the first time with their IRAs, will do so through institutions seems borne out by the developments of the past year.

With the bull market in equities now more than a year old, equity mutual funds are thriving. During the 12 months ended June 30, equity mutual funds doubled in size to record total assets of $72 billion, according to the Investment Company Institute, a national association of mutual funds, in Washington D.C. During the period, 1 million new shareholder accounts were opened, bringing the total to 6.4 million.

"I think the nation's wealth is more in the hands of a great many middle-income people, and they tend to look for professional money managers rather than managing the money directly," said Mr. Hoeneymeyer of Prudential. "A large number of middle-income

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people ... are investing through mutual funds, or life insurance, or something like that."

In Mr. Hoeneymeyer's estimation, banks, insurance companies and mutual funds might win a larger share of new investment funds especially if the trend shifts toward people saving more money themselves than through pension funds.

"Maybe I reflect my biases here, but I would say that banks and insurance companies are going to grow faster than some of the other institutions," he said.

Continued growth

The consensus holds pension fund assets will continue to show considerable growth for some time yet, but there is no consensus on when the slowing will occur.

In the opinion of Lee Spencer, former Securities and Exchange Commission corporate finance division director, pension funds will continue to be the most important asset pools, surpassing even the swelling assets of mutual funds.

"First of all, the money market fund is losing ground to the banks," he said. "Equity mutual funds are just small compared with the other institutions.

"Everybody is interested in retirement, and every time you have a factor that affects every human being in the country, there are large dollar effects from that.

"At least in the private sector, most of the retirement benefit plans are paid for by the employer. That's where the money is coming from. It's not coming out of pay checks, but it's just part of the compensation employees receive. That raises a lot of profound issues.

"At the same time, people aren't relying on Social Security to be a total scheme, and are saving themselves through various plans which government policy has fostered."

"We're going to see a moderating in the growth of pension funds for several reasons," said David Williams, chairman of Alliance Capital Management Inc., which manages more than $13 billion. "We've been through the period of catch-up funding, and you could perhaps make a case that the growth of pension funds is going to slow down.

"If economic policy shifts increasingly toward tax incentives for savings, pension funds may become less attractive relative to expanded IRAs or something like that."

In Mr. Williams' view, pension growth could start tapering within 10 years.

"My own guess is that we are going to see more savings incentives, including tax breaks for individual savers," he said. "And maybe, that will just end up as being another form of institutionalized money — owned by individuals instead of corporations."

Either way, there is reason to believe the asset pool is most likely to end up being managed by institutions.

Corporate impact

Institutional ownership of corporations already has had an impact, according to many experts. It has made it easier for companies to raise capital, but it also has caused them to take a more short-term focus on profitability.

"The institutions are less demanding owners than the large shareholders," said David A. Wyss, chief financial economist at Data Resources Inc., an economic consulting firm in Boston. "In fact, I see that as a bit of a problem for corporate America, that the institutional owners aren't likely to complain about management, they're just likely to sell the stock, and I think a lot of private shareholders are more interested in what management is doing.

"The large mutual fund has no commitment to a corporation. A lot of it is quasi-captive ownership, which means — the pension plans for example — that the owners have very little say as to where the money goes."

Corporate managements, in turn, are affected by institutional perceptions. Corporations want their stock price to increase, so institutions will like their company's stock.

That puts the cart before the horse. Because, the stock market does not exist so people can make large fortunes. It exists so American industry can raise capital conveniently.

"To me, the great risk is that no one takes responsibility for making sure that the management of companies serve the owners of companies," said Mr. Kirby of Capital Guardian Trust Co. "One of the things that bothered me about this business ever since I have been in it is that the managements of very large, mature, publicly owned companies are almost like the managements of mutual insurance companies. The ownership of the company is so spread and so voiceless, that it is virtually invisible.

"Unfortunately, as institutions have gotten to own greater and greater portions of those companies, it has not only *not* helped the problem, but I think it has hurt it. Because, the professional investment management community takes a point of view that it should play a passive role.

"If you hold the stock of a company whose management starts to do things that you think are nuts, and you talk to other money managers and they agree with you ... you simply sell that stock and go buy the shares of a company which is not doing the things, or is doing things that make sense.

"In effect, you leave behind all the widows in Des Moines and retired druggists in Florida, who own the shares of the stock you just bailed out of, to suffer whatever fate may happen.

"If I had been a shareholder of Bendix, I would have said, 'What kind of flakes are running that company?'

"What you don't do as a professional money manager is call up your pals and say: 'Those guys are crazy. Let's call up and point out to them that they don't own the company — in effect, the people we represent do — and run the company for the benefit of the shareholders.' "

Even if money managers are willing to stand up and accept the responsibility of representing or protecting the owners of a company, they run into serious and complex conflicts of interest.

"I now have a growing file of irate letters I have written to companies in response to these golden parachutes kinds of things," Mr. Kirby said. "It just ticks me off so much you can't believe it. Where the thing really gets sticky, is when you take an organization like ours. We might own a couple million shares of a company which is proposing some kind of anti-takeover provision.

"We approve of those up to a point. You can't have a guy spending 20 years of his life working for a company and then get kicked out summarily without compensation or anything. But the other side, where you get the top five guys signing themselves up for $20 million cash payment in the event of an unfriendly takeover, everyone else goes down the tube, but the top guys walk out giggling all the way to the bank.

"When you get a situation where that company is a client of ours, we manage their pension fund, and other accounts that we manage own a couple million shares of their stock, and in comes the proxy and we have to call them up and say, 'I'm sorry, we are going to vote against your proposal,' they have the ability to say, 'Well, if you do, you are fired.'

"Fortunately, in a number of

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Who owns corporate America . . .

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cases when we've had to say, 'I'm sorry, but in good conscience, we can only vote against your proposal,' in each case they have said, 'Okay, that is your responsibility, and we understand.'

"Oddly enough, in a few cases where the companies weren't clients, we have gotten responses such as, 'We have long memories, and if you think you are ever going to get hired to run money around here, you can forget it.'

Other conflicts include money managers' own pressure for short-term portfolio performance that moves across to pressure on management, to the detriment of the firm.

When institutional money is sensitive to neat, quarter-by-quarter performance results, there is the danger of portfolio managers trying frantically to avert a disaster and putting pressure on the management of companies to create a facade that often doesn't reflect the real circumstances of the company.

"It's kind of made business managers like congressmen," said Mr. Kirby. "They are always running for re-election, and don't want to do anything that is painful."

Such pressures can cause management to make unsound decisions vs. some other decision that would benefit the company a great deal, on a five-year time horizon.

"Basically, the institutional holder wants high profits, which is the same thing private owners want," said Mr. Wyss of Data Resources. "The only difference is probably that institutions are a little more risk averse, particularly the pension funds, than are private holders.

"I have a nasty feeling that it may be making management a little more conservative at the big companies. That's not necessarily true in smaller companies, because you have a different set of institutions."

If companies become more risk averse, it will translate into their making less new investment and, generally, not taking a chance at moving into new markets. Firms might bid to consolidate market share rather than try for big increases in profits in the longer term.

Part of the problem Mr. Kirby defines arises because, at least in pension funds, there are no clear owners of the assets. Employees are the beneficial owners, but the pension fund sponsors also have some claim to the assets. A separate entity, the pension trust, exercises some of the powers of an owner, as do the investment managers the trust hires. The ownership is diffuse, so there is no one to pressure the institutions making the investment decisions.

20 stocks most heavily owned by institutions (year-end 1981)

	% of outstanding stock
AMP	89.4
Mattel	80.1
Lockheed	79.6
SmithKline Beckman	78.8
Gannett	78.2
Motorola	77.7
Bausch & Lomb	77.2
Nalco Chemical	77.1
Kellogg	72.0
Avon Products	71.6
Merck	71.5
E-Systems	71.4
Texas Instruments	71.4
Capital Cities Communication	71.2
Anheuser-Busch	71.0
Raychem	70.5
Data General	70.3
Eli Lilly	70.0
Dieboid	67.6
National Can	67.3
Average	**74.2**

Source: *Pensions & Investment Age* compilation.

Clout

All of this might be changing, albeit slowly and reluctantly.

Institutions have both the clout and the expertise to use their voting power to affect issues in Ameri-

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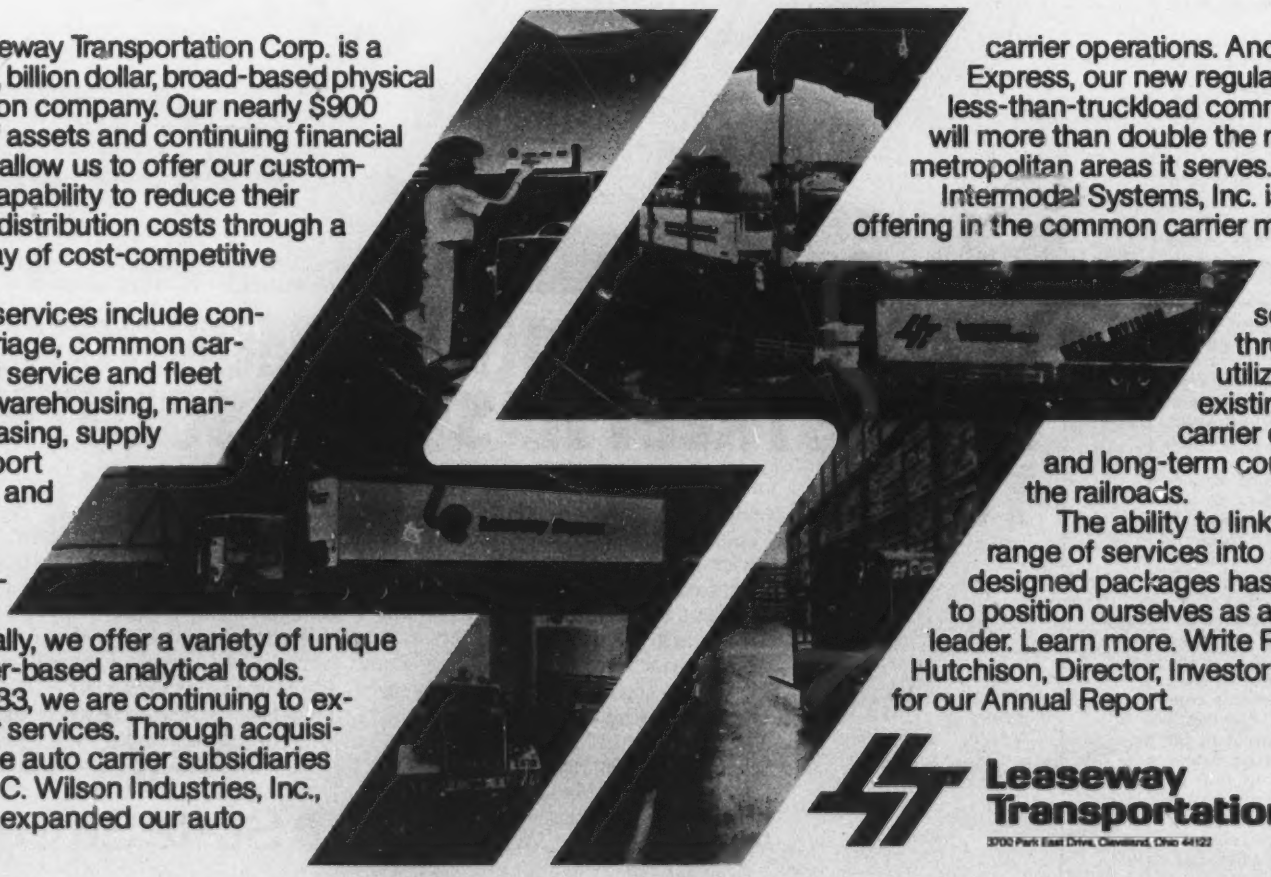

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can industry. As pension funds begin to exercise their voice, they might change the character of corporate America.

"The power is there, if they ever woke up to use it," said Mr. Spencer, who recently left the SEC and returned to private law practice.

"There is an increasing awareness that they have an ability to control the situation. And as that awareness builds, there will be pressures to exercise it.

"You used to have the Wall Street world, where if you didn't like it, you took a walk and didn't exercise the vote. That is not true with respect to institutions. Their votes have clout. It doesn't take too many of them to get together and have a controlling block of a company. They are beginning to pay attention to their voting power.

"But the question is, Will they use it? And how?"

"You would think that when you had a lot of corporate equities held in the hands of relatively few people, that those companies could have amazing impact on the course companies could follow," said Ms. Munnell of the Federal Reserve Bank of Boston. "I have not seen that happen.

"These people have limited resources for now, and to start adding a social dimension to their investment decisions is very difficult. If you want to do that, it will have to be done very carefully. Each investment decision is going to have to be evaluated in terms of interest and return, and compared with market instruments.

"I think that pension funds really have to be in the business of making the highest return that they can."

Labor unions, however, increasingly are showing an awareness and interest in how their pension assets are invested.

"I think the labor unions will try (to voice control), but I'm not sure how successful they will be," Ms. Munnell said. "Labor is factionalized. But there is some effort to coordinate their holdings, and their efforts."

Control

Even though in aggregate, pension funds own shares in many companies, each individual pension fund might have only a small concentration in any one stock.

There is a realization brewing, especially among union funds, that they might become much more potent by pooling their efforts.

"The clearer it becomes to union or public pension fund trustees that they can easily play a decisive role in the affairs of corporations, the much more likely they are to play that role," Mr. Litvak observed.

Pension funds and their money managers, once passive shareholders during takeovers, have begun demanding, and sometimes receiving, some consideration.

Pension fund managers such as Morgan Guaranty Trust Co. and Forstmann-Leff Associates were pursued by both sides in the battle for control of Trans World Corp. that resulted in a victory for the current management. Morgan and Forstmann each controlled about 9% of TWC stock.

Similarly, pension funds and their managers were in the thick of the successful United States Steel Corp. battle to take over Marathon Oil Co. Several funds, including the California Public Employees Retirement System and the California Teachers Retirement System, declared they would vote their proxies against U.S. Steel, as did investment management firms such as David L. Babson & Co. and Fayez Sarofim & Co., each of which manages billions of dollars.

Two union pension funds, the International Molders and Allied Workers Union and the International Association of Machinists and Aerospace Workers, have been involved in helping Tactron Inc. take over KDI Corp.

In a different way, Citibank found itself involved in the Bendix Corp.-Martin Marietta Corp.-Allied Corp. dogfight last year. As trustee of the Bendix savings and employee stock ownership plan, it had to decide whether or not it was most in the employees' interests to tender the Bendix shares to Martin Marietta.

Its discomfort was intensified by the knowledge that trustees for the Grumman Corp. pension plan had been found in violation of ERISA for not tendering that plan's Grumman stock holdings to LTV during LTV's takeover bid for Grumman.

Citibank eventually tendered the Bendix stock to Martin Marietta.

Active ownership

Pressure for investment gains might act as a catalyst and ignite interest in active ownership of stocks, some experts assert. That already has happened in Britain, where pension funds were among five large institutional investors that purchased the U.K. branch of the F.W. Woolworth Co. for $500 million in November 1982.

The funds realized an immediate profit by selling chunks of "Woolies" real estate, and planned to give new management direction to the store chain.

American pension funds might take the cue as Congress, the investing public and money managers become more educated on the implications of active ownership of equity.

"There is a growing recognition that you can't make money just trading stocks, or at least it is very difficult," said Professor Black of MIT. "The other alternative is to take a more active part in the management of the firm whose shares you own."

Professor Black hypothesized that as institutions become more aware of what their ownership of stock means, they might start taking a more active interest in corporations.

"It's one of the principle ways they can make money for their beneficiaries," he said.

"They get control — alone or with other institutions — of a firm, change the way it is managed, and increase the value of it.

"In the past, they concentrated on making money by selecting new stocks, but that turned out to be extremely difficult to do.

"They may concentrate on doing things like buying up a company and spinning off the pieces, or just simply paying attention to the management of the companies whose stock they own, and trying to encourage simple actions that increase the value of the firm."

Investment banking professionals might be potential candidates as advisers, or even in the

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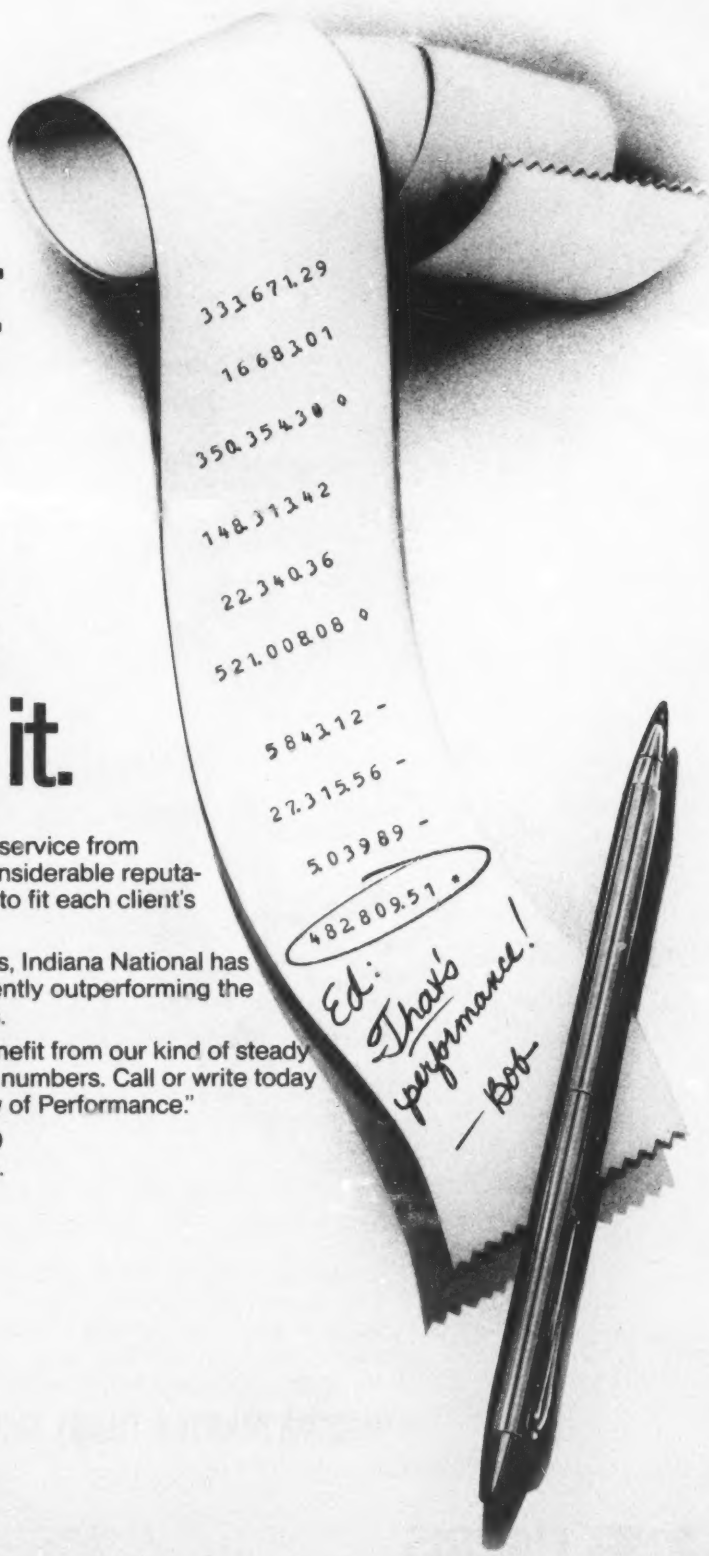

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Who owns corporate America . . .

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setting up of a control mechanism.

Nonetheless, some institutional investors agree many large corporations have suffered from an absence of effective ownership rights being exercised; that management has been too dominant — especially in the takeovers, mergers and acquisitions — and institutional shareholders have not been adequately represented; and that the investment decisions being made do not have the most productive result, although they are in the interests of the management.

"I think it could be argued that if you are going to have a capitalist system that works like a capitalist system, you have to have some sort of effective representation of some interests beyond management," said Mr. Litvak of Boston's U.S. Trust Co. "I think in the future we will see a combination of management, government and large institutional shareholders, not acting exactly as traditional private owners have acted, but acting out of a combination of fundamental financial concerns and a certain social sensitivity."

Proxy voting

Major investment management organizations have begun voting some of their proxies against management — an unthinkable development only 10 years ago. The institutions have realized corporate management is not infallible, and that sometimes it has to be shaken out of complacency. Morgan Guaranty and Citibank both acknowledge voting against management positions about 50 times last year.

Public and union pension funds also are pressing corporate managements on social issues, ranging from activities in South Africa to investing in low-income housing. Their proxy votes now are merely a pinprick to management, but the impact could grow.

As pension funds become more demanding, the other institutions will find themselves following the funds, Mr. Litvak suggested.

There are dangers to pension funds if they attempt to exercise more influence over corporate management or behavior. First, they might become more visible. Second, there might be dissent within them.

"Two sets of pressure are going to be brought to bear on them as they become more noticeable," said Sylvester Schieber, director of the research and information center at the Wyatt Co., an actuarial and employee benefits consulting firm in Washington, D.C. "One is 'alternative' stockholders. If large institutional investors come in and start to somehow steer the corporate policy in a direction that's not desirable, you're going to see hostility develop toward them and you will begin to see restrictions develop to limit their investments, or ability to be active in the whole process,".

"The other side of that, which is probably more important, is to the extent they become active, the participants in the pension plans are going to look at what it is they are seeking to accomplish in their activities. If you have 100 participants in one of these plans, you've got 100 different opinions as to what should be accomplished in the investment of your assets."

To the extent that pension funds become more active, and more targeted, public opinion among pension plan beneficiaries might also become more heated.

"If you start to see internal rebellions, you will see investment managers back off from taking active roles," Mr. Schieber said.

No matter how the money is accumulated, through pension funds or through IRAs, the exercise of the voting power adds a social dimension to institutional assets with which pension funds and their managers are uncomfortable.

"My impressions are that it's a power that most money managers wish they didn't have," said Alliance Capital's Mr. Williams.

"I think most investment managers are comfortable if the only decision they have to deal with is to buy or sell stock. Those of us in the business were drawn to it because we preferred a more distant, perhaps less activist role in corporate affairs. We wanted to be spectators.

"We're mainly information seekers as opposed to telling or advising corporations on how to run their businesses. Even so, by the nature of the information we seek, there's a message on how we think the business should be run. We advise by the questions we ask."

Conclusions

The tide of the institutional revolution is flooding. American corporations increasingly are owned by faceless funds.

Pension funds, which have a vague responsibility to pensioners; mutual funds, which are jointly owned by a huge mass of the population; and insurance companies on behalf of their policy holders, now hold vast amounts of corporate shares — ownership claims against corporate assets.

So far, the revolution has been benign. Its positive aspects have far outweighed the negatives. More Americans than ever before own shares in the nation's productive wealth and their long-term economic well-being is more than ever before intertwined with that of corporate America.

If the economy slumps, not only are jobs lost, but savings through mutual funds and the safety of retirement benefits are threatened. Labor eventually should become aware of its common interest with capital for more and more it is the ultimate owner, or at least beneficial owner, of that capital.

The institutional revolution has made capital raising by corporations easier, and thus more efficient. It has made the stock market more efficient, meaning corporate enterprises are being issued more correctly by the capital markets, again improving efficiency.

Ironically, while the percentage ownership of corporate wealth by the ultrarich individuals might be declining, their influence might, for a time, increase — at least until institutions come to grips with the issue of more active ownership. Wealthy individuals pay attention to corporate management, and instead of immediately selling their holdings, attempt to influence management to better behavior.

If there is a negative to institutionalization, it is that "absentee" ownership by institutions might have made corporate management too concerned with short-term profitability. This might change as corporations and institutions adapt to the new environment.

Who owns corporate America? More individuals than ever before. Through pension funds, mutual funds and other institutions, more than half of the U.S. population has some ownership interest.

There is a threat to this ownership, however, in the huge and rapidly growing federal debt. The government has the power to tax and thus the power to destroy.

So who really owns America?

The answer, it would seem, is everyone who holds federal government debt, and has a lien on the United States. ■

Kimberly Blanton, Joel Chernoff, Richard Gillespie, Steve Hemmerick, Ivy Schmerken, Nancy Webman and Mark Westerback assisted with this article.

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FDIC seeks curbs on brokered deposits

By Richard J. Gillespie

WASHINGTON — Concern over the financing practices of 614 problem banks has prompted the Federal Deposit Insurance Corp. to propose changes that will affect both pension funds and cash managers.

The FDIC, along with the Federal Home Loan Bank Board, asked the House Banking Committee Oct. 27 to consider 19 ways to modify insurance coverage on brokered bank deposits.

Among proposals advanced by the agencies:

- Limits on the insurance coverage of brokered deposits.
- A blanket or qualified declaration that the entire status of broker deposits is "unsound," either to all institutions or to only those with financial or managerial problems.
- The imposition of reporting requirements to help regulators monitor brokered funds.
- The establishment of a special organization to share the costs incurred where deposits were placed with an institution shortly before it went broke.
- A review of whether the national advertising of certificate of deposit rates is exacerbating the problem.
- The imposition of additional reserve requirements on broker deposits.
- The registration of money brokers with the Securities and Exchange Commission, and a requirement to report buyers and amounts regularly to the government.

The National Corporate Cash Management Assn. is meeting this week in St. Louis. For a special editorial section addressed to the more than 1,400 attendees, see page 35.

If the proposals are adopted, pension fund investors and money managers will have to investigate the creditworthiness of the banks in which they make deposits and buy certificates of deposit much more thoroughly, according to regulators.

Now, the FDIC and the Federal Savings and Loan Insurance Corp. provide insurance of up to $100,000 per depositor in each institution.

This has been interpreted as providing full coverage to pension funds and other institutions (but not money market funds) on jumbo CDs of more than $100,000. The proposals might change that forever.

The heat is being generated in Washington not by the activities of pension funds or cash managers, but because of the success of the recently deregulated money brokers.

Since June 1982, when the Depository Institutions Deregulation Committee removed interest rate ceilings on CDs and made them negotiable, money brokers have flourished. Among those are Merrill Lynch Money Markets in New York, CDx in Washington, Professional Asset Management in Los Angeles and First United in New York.

Certainly, the interest rates being offered by the brokers seem competitive.

The Washington money broker, CDx, for example, which repackages regional CDs for institutional buyers using a unique computerized network, has now developed a jumbo CD on which both principal and interest are fully insured.

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Pensions & Investment Age

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Mattel eyes termination

By Steve Hemmerick

HAWTHORNE, Calif. — Mattel Inc. is seeking to terminate a $25 million defined benefit plan for Mattel's salaried employees in Southern California.

An estimated $12 million in excess assets would revert to Mattel if the plan, affecting some 2,500 employees, is shown to have sufficient assets and its termination is approved by the Internal Revenue Service and the Public Benefit Guaranty Corp.

Mattel sustained a $166.7 million second-quarter loss in its electronics division, and last July it named four new managers to the division.

But James Sherman, corporate manager for employee relations, said termination of the plan is not a "profit and loss movement," add-

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Fund offers more diversification in U.S.

Pfizer foreign subs pool assets

By Pavan Sahgal

NEW YORK — Foreign subsidiaries of Pfizer Inc. have pooled some of their pension assets in a partnership and started a fund for investing in the United States.

The move makes it possible for small foreign plans, or those that are allowed only limited foreign investments by their countries, to have a higher degree of diversification in a U.S. portfolio than would be conceivable individually.

"As far as we know, we are the only U.S. corporation currently operating such an arrangement," said a company source.

The move is replete with potential for foreign pension funds of a company to act as currency clearinghouses and hedge each other's investments.

If similar funds are set up in nations where major financial markets are based, the pension plans could evolve a mechanism for reducing currency risks. They could offset short-term currency movements of a fund in one country with the investments in another.

Although the assets of the different plans might be segregated, to make such accounting possible they would have a global trustee.

Pfizer subsidiaries in the United Kingdom, Ireland, Canada and a Pacific-region country are the initial partners in the new fund. The four have $60 million in pension assets among them.

Pfizer sources did not reveal how much will be invested in the United States.

Forstmann-Leff Associates has been designated investment manager and The Northern Trust Co. has been named custodian for the fund.

NSR Asset Management Corp., New York, and a Canadian manager, Beutel, Goodman & Co. Ltd., were among those considered to run the fund in the United States.

Pfizer was looking for an aggressive manager. It reasoned the relatively young foreign plans could take a measure of risk.

"We are going to tailor this fund to specific needs and watch the manager like a hawk," said Seth Rosenberg, Pfizer's finance manager-international benefits program.

The parent company has "absolutely nothing to do" with the fund as an investor, he added.

The concept of pooled investments was proposed and coordinated by Mr. Rosenberg, who worked with Kevin Keating, director-employee benefits financing, and others in Pfizer's legal, tax and treasury divisions. The Northern Trust Co. also aided the effort.

The Pfizer Foreign Investment Fund has been registered as a Dela-

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Wilshire to manage $1 billion

By Kimberly Blanton

ST. PAUL, Minn. — The Minnesota State Board of Investment has turned over $1 billion to Wilshire Associates to manage in an index fund that tracks Wilshire's 5,000 stock index.

The Minnesota board is Wilshire's first discretionary investment account.

Wilshire's noisy entrance into the index-fund market has surprised many in the investment community, which was largely unaware the consulting firm had plans for investment management.

Wilshire, however, has been registered with the Securities and Exchange Commission as an investment adviser since 1972, according to Dennis Tito, president of the Santa Monica, Calif., firm. To do discretionary management, Wilshire amended the original SEC filing. Some bank officials who buy Wilshire's stock data and computer software for their own index-fund products were unhappy at the prospect of competing with their consultant for index-fund clients.

The placement of $1 billion in the index fund is a third step in the Minnesota board's move to outside firms from in-house management, confirmed Jeff Bailey, assistant director of the $7 billion system.

In January, it hired 15 equity managers. State Street Bank & Trust Co., Boston, was hired as its master custodian last month.

The fund chose the broad-based Wilshire 5,000 index fund to capture the entire equity market, something the Standard & Poor's 500 index fund cannot do. The S&P 500 is more heavily weighted in industrial companies and excludes many emerging companies.

"We felt the Wilshire 5,000 better represented the entire equity market, which was the purpose of establishing an index fund," Mr. Bailey said. Unlike broad-based index funds other banks have developed, the Wilshire Market Index Fund has the added feature of a well-established benchmark.

Mr. Tito sees the broad index fund as the new wave in index-fund management, and public funds as the next place it will hit.

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Minneapolis: $1 billion placement

Late news

Oil, gas partnership

HOUSTON — The pension funds of General Motors Corp., American Telephone & Telegraph Co. and Pennwalt Corp. reportedly committed a total of $20 million to a $40.4 million oil and gas limited partnership.

They invested in Torch Energy Corp., Houston, to acquire proved producing reserves. The Boston Co. Energy Advisors is money manager and agent for the pension funds and arranged the deal with Torch.

Arthur Dubow, president of The Boston Co. Energy Advisors, would not name the three pension fund participants. Their identities were confirmed by two other sources familiar with the deal.

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Northern Trust doesn't escape fire

Condec-Farley fight heats up

By Joel Chernoff

CHICAGO — William F. Farley's use of his company pension fund in his effort to seize control of Condec Corp. has placed a lot of heat on Northern Trust Co., trustee for the fund.

Mr. Farley, chairman of Farley Industries Inc. and its subsidiary, Farley Metals Inc., has been fighting to gain control of Connecticut-based Condec, a maker of machinery and other industrial products.

Along with a committee formed to effect a leveraged buy-out of Condec, Mr. Farley has 9.9% of the target company's shares at his disposal and is trying to win a proxy battle to gain five seats on Condec's 11-member board of directors. Condec's annual meeting is Nov. 16.

In the course of the battle, the Farley Metals Employee Benefit Master Trust bought up 3.8% of Condec shares, apparently its first-ever equity holdings.

The 162,500 shares, purchased at slightly more than $3 million, involve 7% to 9% of plan assets, according to court papers.

About 90% of the fund's holdings are guaranteed investment contracts from Metropolitan Life Insurance Co., short-term cash and bonds.

However, the fund's activities alarmed Northern Trust, eventually leading to Northern's resignation as trustee in August. (The resignation is not effective until year-end.)

Condec sued Mr. Farley, his company, Northern and others in September.

The purchase of the shares and Northern's resignation have proved to be key factors in the litigation, and also have caught the attention of the Department of Labor, which is investigating the matter.

However, it remains unclear exactly why Northern resigned as trustee. Northern won't say, and Condec and Farley have differing views.

Whatever the reason, Northern clearly wanted to be shielded from any liability. A Nov. 3 indemnification agreement now backs up the bank for potential liability.

The document also shows that Harbor Capital Management Co., Boston, has been appointed as an independent investment manager to handle the shares and possibly other assets. (The hiring was effective Nov. 1, according to a Farley official.)

However, the agreement adds that the pension plan document will be amended to give Farley's investment committee power to direct voting of the pension fund's

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Institutions pivotal to proxy fight outcome

By Pavan Sahgal

NEW YORK — Battle lines are being drawn in the T. Boone Pickens-Gulf Oil Corp. proxy fight scheduled to be voted Dec. 2, and institutional investors who hold more than a third of the Gulf stock outstanding are aware they might play a pivotal role.

Gulf's board of directors proposes to restructure Gulf Oil Corp. as a holding company.

Mr. Pickens, chairman of Mesa Petroleum, is attempting to acquire Gulf, spin off its parts at a profit and set up a so-called royalty trust to shelter income *(Pensions and Investment Age*, Oct. 31).

"As a Pittsburgh institution, we are more strongly opposed to it than some of the others," said Nicholas Nilsen, vice president and chief investment officer at Pittsburgh National Bank, which holds about 1.9 million shares. "We don't want to see the Gulf Oil Co., which is headquartered here, dismembered.

"This institution will stand in support of the management in the first proxy vote."

Other institutional holders around the country were noncommittal.

"At this stage, we are not ready to make any comment," said Thomas B. Dalby, vice president and senior trust investment officer at the First National Bank & Trust Co. of Tulsa, Okla. "We just received the Pickens information and we're studying the situation."

Meanwhile, Donaldson, Lufkin & Jenrette Securities Corp., the Wall Street investment bank, made an unusual move of recommending

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PBGC has eye on Rath

By Joel Chernoff

WASHINGTON — The Pension Benefit Guaranty Corp. has at least $7 million at stake in Rath Packing Co.'s Nov. 1 filing for protection under Chapter 11 of the bankruptcy code.

The PBGC has an even stronger interest in Rath's survival: a pretax share in the Iowa meatpacker's future if the company regains its financial health.

But the agency would get only company assets if the meatpacker fails. The PBGC is a secured creditor on about $8 million of assets, according to Executive Director Edwin M. Jones. However, the agency is second or third in line for much of those assets.

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Late news

Continued from page 1

According to those sources, Pennwalt contributed $2 million, its first investment in oil and gas.

AT&T and GM committed $8 million to $10 million each. Both have made several other oil and gas investments in the past.

The Torch Limited Partnership's other limited partner is Torchmark Corp.'s insurance company, which committed $20 million.

The other $400,000 was contributed by Torch. It is standard in most limited partnerships for the general partner to put in 1% of its money.

Raymond Int'l plan

HOUSTON — Stockholders of Raymond International Inc. approved a plan to take the engineering and construction company under private ownership by establishing an employee stock ownership plan.

Part of the financing for the leveraged ESOP will come from about $20 million in surplus assets from Raymond's pension plan. Raymond officials have said they would terminate the plan if the ESOP proposal won approval (*Pensions & Investment Age*, Oct. 3).

Richard Foss resigns

CHICAGO — Richard Foss has announced his resignation as senior vice president and head of investment services at Continental Illinois National Bank & Trust Co. of Chicago, a bank spokesman confirmed. Mr. Foss, who joined Continental in 1980, will "pursue other business interests," the spokesman said.

NYNEX appoints bank

NEW YORK — NYNEX, the Northeastern phone company, chose Mellon Bank as master trustee of the pension plan assets it will receive from American Telephone & Telegraph Co. upon divestiture Jan. 1, sources confirmed.

In a related move, AT&T chose State Street Bank & Trust Co., Boston, as record-keeper for its pension fund real estate assets, according to Wall Street sources. AT&T would neither confirm nor deny the appointment.

System to be unveiled

SAN FRANCISCO — Bank of America will unveil a state-of-the-art addition to its treasury management system at the National Corporate Cash Management Conference in St. Louis Nov. 13-15.

Called MicroPlexus, it is a microcomputer program that integrates a corporation's internally generated financial and accounting data with externally produced financial information.

Two leave Colonial

BOSTON — Ronald M. Egalka and George M. DeVoe Jr. are leaving Colonial Management Associates Inc. to form their own firm, Rampart Investment Management Co., they announced.

Rampart will provide equity and options management for corporate cash, pension fund and endowment accounts.

Public fund appoints 4

HARRISBURG, Pa. — The $95 million Pennsylvania Municipal Retirement System has hired four new managers — two for equities and two for real estate.

Pittsburgh National Bank was given $5 million for its quantitative risk control equity program and will run some short-term money, and Merrill Lynch Asset Management was given $2 million for equities, according to a fund spokesman.

The fund also placed $5 million each in commingled real estate funds with CIGNA Corp. and Prudential Insurance Co.

Rule 415 permanent

WASHINGTON — The Securities and Exchange Commission permanently adopted Rule 415 on shelf registrations for both debt and equity issues effective Jan. 1 but limited its use to companies able to file S-3 or F-3 forms. The SEC also banned use of so-called "convenience" shelf filings.

Pennsylvania hires 3

HARRISBURG, Pa. — The $3.5 billion Pennsylvania State Employees Retirement System hired three option-overwrite managers, said Edwin Warwick, chief investment officer. Travelers Investment Management Co.; Analytic Investment Management Inc., Irvine, Calif.; and Balch, Hardy & Scheinman Inc., New York, will write options on an index fund managed by Wells Fargo Investment Advisors, San Francisco. The index fund is reportedly more than $400 million.

Roybal assails DOL

Plan-termination policy battle rages

By Joel Chernoff

WASHINGTON — Rep. Edward R. Roybal, D-Calif., has blasted the Department of Labor for its view that the termination of a pension plan is not a fiduciary decision.

A Nov. 3 letter sent by Rep. Roybal to Labor Secretary Raymond J. Donovan is the latest salvo in the running battle between the House Select Committee on Aging, which he chairs, and the department.

So far companies have terminated, or filed for termination, plans with assets approaching $1.7 billion.

Rep. Claude Pepper, D-Fla., who preceded Rep. Roybal as committee chairman, fired the first shots in opposition to Labor Department termination policy through hearings, letters and articles. In a signed article in *Pensions & Investment Age* last February, Rep. Pepper condemned "plan asset raids" made by employers.

In his letter, Rep. Roybal also criticized the Labor Department for failing to coordinate policy on plan terminations with the Internal Revenue Service and the Pension Benefit Guaranty Corp.

Urging the department to reconsider its policy, Rep. Roybal added, "The abbreviated, mechanistic approval procedures used by the IRS and PBGC are wholly inadequate to insure that plan terminations conform with ERISA's fiduciary requirements."

In addition, the California congressman took the department to task for its handling of the Harper & Row Publishers Inc. case.

In particular, he questioned whether Irving Trust Co. met its responsibilities as trustee for the Harper & Row profit-sharing plan, and why the Labor Department had not checked the soundness of investment advice that Kidder Peabody & Co. Inc. rendered to the

Continued on page 88

p.i.p.e.r.

Third quarter top performers for equity and fixed income

The bloom is off the market; top equity fund returns slip

By Rose Darby

NEW YORK — The record returns that top bank and insurance company equity funds had been enjoying for much of this year were no longer the rule for the quarter ending Sept. 30, according to the most recent Pensions & Investments' Performance Evaluation Report.

Results of the 256 equity funds tracked for the quarter show the top five funds produced returns from 4.8% to 6.4%. These compare with the top five returns from the previous quarter of between 19.6% and 29.4%.

The median equity fund suffered a setback in the quarter, coming in at -1.6%, down from 39.5% in the second quarter.

Fourth National Bank of Tulsa, using a maverick approach to equity investment, found itself the leader for the quarter with a 6.4% return. Others who emerged to lead the herd were Bank of the West in California with a 6.3% return, Provident National Bank with 5.5%, First of Warsaw of Indiana with 5.3%, and Minnesota Mutual Life Insurance Co. with 4.8%. All outperformed the Standard & Poor's 500, which stood at -0.1% for the same period.

According to Fourth National's senior trust investment officer, Fredric E. Russell, one of the reasons for the $16 million commingled equity fund's success amid such lackluster market conditions was a heavy weighting in transportation stocks, with particular emphasis on railroad issues.

Two issues in particular, **Kansas City Southern Industries** and **Florida East Coast Railway**, were favorites, he said. Other strong performers last quarter were **R.J. Reynolds Industries, Rio Grande Industries** and **Bank of Oklahoma**. Bank of Oklahoma is a rival Tulsa bank, whose stock was bought because it would benefit greatly from liberalized state banking laws, Mr. Russell said.

"We've been accumulating cash for the last three months," said Mr. Russell, and cash stands now at 25%

Continued on page 80

Mortgage-backed securities boost fixed-income returns

By Kimberly Blanton

CHICAGO — Mortgage-backed securities bolstered third-quarter returns at some banks ranked in the Pensions & Investments' Performance Evaluation Report.

Officials at The National Bank of Detroit and Harris Trust and Savings Bank, Chicago, held that mortgage-backed securities in their portfolios in part accounted for their high rankings among the 20 banks and insurance companies with the largest pooled bond funds — those with more than $100 million.

P.I.P.E.R. ranks the performance of pooled funds at at 228 large and small banks and insurance companies. This included 21 banks and insurance companies with more than $100 million in their pooled bond funds.

The National Bank of Detroit ranked third with a 1.5% return to its fixed-income portfolio in the third quarter, and Harris Trust ranked fifth with 1.2%.

Comerica Bank-Detroit's intermediate-bond fund had the highest third-quarter return among the large firms, 2%, followed by Irving Trust, New York, 1.8%; National Bank of Detroit; The Prudential Insurance Co. of America, 1.3%; and Harris Trust.

Three managers earned a 1.1% return: The First National Bank of Chicago, John Hancock Mutual Life Insurance Co., Boston, and Morgan Guaranty Trust Co. of New York.

Next were CIGNA Corp., 1%; and National City Bank, Cleveland, and United States Trust Co. of New York, both with 0.9%. The Lehman Bros. Kuhn Loeb Government/Corporate bond index was 1.5% in the third quarter.

Several of these banks also did well for the year ending Sept. 30. For the 12 months, Life Insurance Co. of Virginia, in Richmond, ranked first with a 19.2% return, followed by CIGNA, 17.7%; Morgan Guaranty, 17.5%; Prudential, 17%; John Hancock, 16.7%; Texas Commerce Bank, Houston, 16.5%; First National Bank of Chicago, 16.4%; Irving Trust, 15.9%; and American

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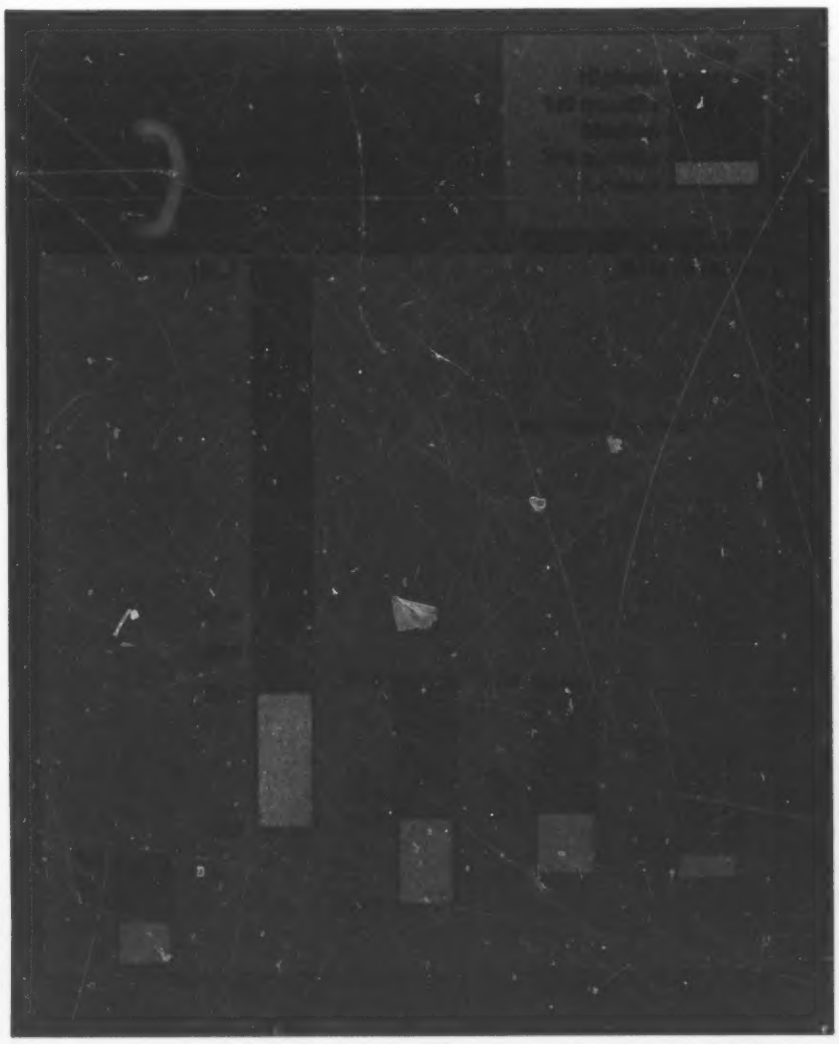
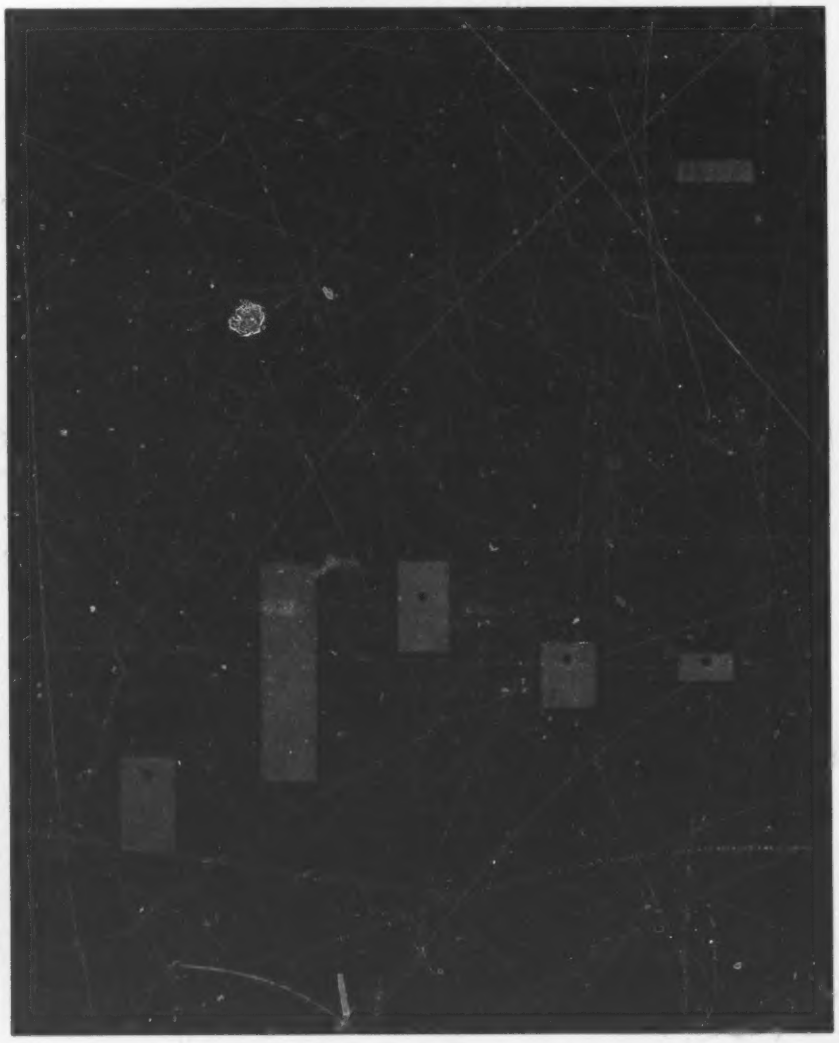




Top equity funds by size

One-year returns
Over $100 million

	%
Provident National, Pa.	58.8
Fidelity Mgmt. Trust, Mass.	58.6
Mutual Benefit, N.J.	58.0
Bankers Life, Iowa	56.6
Aetna Life & Casualty, Conn.	52.8
US Natl. of Oregon	52.2
Equitable Life (No. 4)	49.7
Morgan Guar., N.Y. (Med.)	49.0
CIGNA Corp.	48.3
Philadelphia Natl., Pa.	47.9

$50 million to $100 million

	%
Security Pacific, Calif.	63.9
Marine Midland, N.Y.	54.1
First of Chicago	53.9
Republic Natl., Dallas	53.4
Pacific Mutual, Calif.	51.5
Northern Trust, Ill.	50.0
American Natl. Chic. (Active)	49.6
Texas Commerce	47.5
First City Natl., Houston	47.1
Bessemer Trust, N.Y.	46.5

$10 million to $50 million

	%
United of Denver, Colo.	68.7
Citizens Trust Co., Wis.	68.1
First Bank Milwaukee	63.4
California First Bank	62.7
Seattle Trust, Wash.	61.9
First Union Bank, N.C.	61.0
First Wis. Natl. Madison	59.1
Penn Mutual Life, Pa.	58.3
Philadelphia Life, Pa.	55.6
Equitable Bank, Md.	55.5

Under $10 million

	%
Manufacturers Life, Ont.	102.7
Merchants Natl., Ala.	72.4
Connecticut Mutual Life	64.9
Huntington Banks, Ohio	62.7
Pioneer Bank, Ill.	53.8
Bank of New England	52.0
Irving Trust, N.Y.	50.1
Bank of Southwest, Texas	50.1
Mercantile Natl., Ind.	48.5
Oregon Bank	47.6

10-year returns
Over $100 million

	%
Bankers Life, Iowa	14.9
US Natl. of Oregon	14.1
Aetna Life & Cas., Conn.	13.1
Massachusetts Mutual	11.9
Equitable Life (No. 4)	11.9
Provident Natl., Pa.	11.9
Mercantile at Dallas, Texas	11.8
Life of Virginia	11.1
CIGNA Corp., Conn.	11.0
Interfirst Invt. Mgmt., Texas	10.2

$50 million to $100 million

	%
Bessemer Trust, N.Y.	16.9
Hibernia Natl., La.	12.6
First Penn. Bank	11.3
First of America, Mich.	10.3
First City Natl., Houston	10.2
Sentry Life, Wis.	10.1
Manufacturers Detroit	9.7
Pacific Mutual, Calif.	9.4
Texas Commerce	9.2
Ameritrust, Ohio	9.0

$10 million to $50 million

	%
Philadelphia Life, Pa.	18.3
Guardian Insurance, N.Y.	18.2
Citizens Chillicothe, Mo.	17.8
First Wis. Natl., Madison	17.4
Employers Life of Wausau	16.0
First Trust Corp., Colo.	14.9
Home Life, N.Y.	13.2
Landmark Union Trust, Fla.	12.6
United of Denver, Colo.	12.3
Minnesota Mutual	12.3

Under $10 million

	%
Manufacturers Life, Ont.	23.5
Confederation Life, Ont.	14.7
Capital Bank, Houston	14.6
Wheeling Dollar Bank,	12.8
First of Kenosha, Wis.	12.2
Pittsburgh Natl. (QMS)	11.4
Olympic Bank, Wash.	11.1
First Natl. of Commerce, La.	11.1
First Tennessee, Chat.	10.9
BancTexas, Dallas	10.5

Top quartile commingled equity funds

Three-month returns

	%
Fourth Natl., Tulsa	6.4
Bank of the West, Calif.	6.3
Provident Natl., Pa.	5.5
First of Warsaw, Ind.	5.3
Minnesota Mutual	4.8
United Virginia Bank	4.1
First Interstate of Oregon	4.0
Mercantile Safe, Md.	3.8
Bank of New England	3.8
Landmark First Natl., Fla.	3.8
Mid-State Bancorp, Pa.	3.5
Boatmens Bank, K.C., Mo.	3.3
Massachusetts Mutual	3.1
Ohio Citizens Trust	3.1
Mercantile Trust, Mo.	3.0
Fidelity Mgmt. Trust, Mass.	2.9
Republic Natl., Dallas	2.9
Natl. Westminster, N.Y.	2.8
First Variable Life, Ark.	2.5
Dauphin Deposit, Pa.	2.5
First of Elgin, Ill.	2.4
Chicago Title & Trust	2.4
Citytrust, Conn.	2.3
United of Denver	2.3
Irving Trust, N.Y.	2.3
First Interstate of Nevada	2.2
Fidelity Natl., La.	2.1
Southeast Bank, Fla.	2.0
First Union Bank, N.C.	1.9
Landmark Union Trust, Fla.	1.9
First Merch., Richmond	1.9
AmeriTrust, Ohio	1.9
Greeley Natl., Colo.	1.8
First Interstate of Wash.	1.6
First Pennsylvania Bank	1.6
First of Bartlesville, Okla.	1.6
Florida National Bank	1.5
Unibanctrust, Ill.	1.5
Phoenix Mutual, Conn.	1.5
Old National, Wash.	1.5
Natl. of Commerce, Tenn.	1.4
Connecticut Mutual Life	1.4
First of Mobile, Ala.	1.3
Oregon Bank	1.2
Mercantile Natl., Ind.	1.2
Sun Bank, Fla.	1.2
Valley Natl., Ariz.	1.2
American Natl., Chic. (Active)	1.2
Beverly Bank, Ill.	1.2
Midlantic National, N.J.	1.1
First City, Austin, Texas	1.0
First of Atlanta, Ga.	1.0
US Trust, N.Y.	0.9
First Tennessee, Chat.	0.9
Jefferson Trust, Ill.	0.8
Metropolitan Life, N.Y.	0.7
Cullen Bank, Texas	0.7
Natl. City, Cleveland	0.7
First Tennessee, Memphis	0.7
First of Chicago	0.6
John Hancock, Mass.	0.5
BancTexas, Dallas	0.5
Bessemer Trust, N.Y.	0.5
LaSalle National, Ill.	0.4
Ouachita Natl., La.	0.4
Bankers Trust, N.Y. (Index)	0.4
Standard & Poor's 500	**–0.1**

One-year returns

	%
Manufacturers Life, Ont.	102.7
First Variable Life, Ark.	89.3
Merchants National, Ala.	72.4
United of Denver	68.7
Citizens Trust Co. Wis.	68.1
Connecticut Mutual Life	64.9
Security Pacific, Calif.	63.9
First Bank Milwaukee	63.4
California First Bank	62.7
Huntington Banks, Ohio	62.7
Seattle Trust, Wash.	61.9
First Union Bank, N.C.	61.0
First Wis. Natl., Madison	59.1
Provident Natl., Pa.	58.8
Fidelity Mgmt. Trust, Mass.	58.6
Penn Mutual Life, Pa.	58.3
Mutual Benefit, N.J.	58.0
Sun Bank, Fla.	57.5
Bankers Life, Iowa	56.6
Philadelphia Life, Pa.	55.6
Equitable Bank, Md.	55.5
American Security, D.C.	55.4
Minnesota Mutual	54.3
Marine Midland, N.Y.	54.1
First of Chicago	53.9
Pioneer Bank, Ill.	53.8
Republic Natl., Dallas	53.4
Aetna Life & Casualty, Conn.	52.8
Intrawest, Colo.	52.7
Merchants Natl., Ind.	52.6
US Natl. of Oregon	52.2
Bank of New England	52.0
Employers Life of Wausau	51.9
Chase Manhattan, N.Y.	51.8
Pacific Mutual, Calif.	51.5
Guardian Insurance, N.Y.	51.3
First Wisconsin Trust	50.7
State Street Bank, Mass.	50.2
Irving Trust, N.Y.	50.1
Bank of Southwest, Tenn.	50.1
Northern Trust, Ill.	50.0
Fourth Natl., Tulsa	49.9
Equitable Life (No. 4)	49.7
American Natl., Chic. (Active)	49.6
Morgan Guaranty, N.Y. (Med.)	49.0
Fidelity Union, N.J.	48.6
Mercantile Natl., Ind.	48.5
CIGNA Corp., Conn.	48.3
Mercantile Safe, Md.	48.0
Philadelphia Natl., Pa.	47.9
Interfirst Invt. Mgmt. Texas	47.7
Oregon Bank	47.6
Texas Commerce	47.5
First of Warsaw, Ind.	47.2
First City Natl., Houston	47.1
Mercantile Trust, Md.	47.0
Lake Shore Natl., Ill.	46.6
HT Investors Inc., R.I.	46.6
Bank of Delaware	46.6
Bessemer Trust, N.Y.	46.5
Marine Trust, Wis.	46.4
First Interstate of Oregon	46.4
Security Trust, Rochester	45.9
John Hancock, (Alpha Plus)	45.8
Standard & Poor's 500	**44.5**

Three-year returns

	%
Manufacturers Life, Ont.	35.3
First Variable Life, Ark.	31.7
United of Denver	29.6
Sentry Life, Wis.	27.9
Sun Bank, Fla.	27.9
First Union Bank, N.C.	27.4
Citizens Trust Co. Wis.	26.9
Connecticut Mutual Life	25.8
Employers Life of Wausau, Wis.	25.5
Huntington Banks, Ohio	25.4
First Bank of Milwaukee	25.0
US Natl. of Oregon	24.4
Mutual Benefit, N.J.	23.6
Provident National, Pa.	23.5
American Natl., Chic. (Active)	23.3
California First Bank	23.1
Lake Shore Natl., Ill.	22.8
Seattle Trust, Wash.	22.8
Minnesota Mutual	22.4
Manufacturers Detroit	22.3
First Wis. National	21.8
Intrawest, Colo.	21.7
Guardian Insurance, N.Y.	21.3
Pioneer Bank, Ill.	21.3
Massachusetts Mutual	21.2
Commonwealth Natl., Pa.	21.2
Wheeling Dollar Bank, W.Va.	21.2
Ohio Citizens Trust	21.2
Dauphin Deposit, Pa.	21.0
Philadelphia Life, Pa.	21.0
Planters National, N.C.	20.9
Merchants Natl., Ala.	20.9
Chase Manhattan, N.Y.	20.8
First Tennessee, Chat.	20.7
Texas Commerce	20.6
State Street Bank, Mass.	20.6
Aetna Life & Casualty, Conn.	20.5
First City Natl., Houston	20.4
Mercantile at Dallas	20.1
American Security, D.C.	20.0
Merchants Natl., Ind.	20.0
Heritage Trust, Wis.	19.9
Confederation Life, Ont.	19.9
First Wisconsin Trust	19.9
IAA Trust Co., Ill.	19.7
Home Life, N.Y.	19.6
Midlantic National, N.J.	19.6
Philadelphia Natl., Pa.	19.6
Marine Trust, Wis.	19.5
Fifth Third Bank, Ohio	19.5
Fourth Natl., Tulsa	19.5
Security Trust, Rochester	19.5
Society National, Ohio	19.4
Bank of Delaware	19.4
First Interstate of Nevada	19.3
Landmark Union Trust, Fla.	19.2
Boatmen's National, Mo.	19.2
HT Investors Inc. R.I.	19.2
Bessemer Trust, N.Y.	19.1
Penn Mutual Life, Pa.	19.1
Colorado National Bank	19.1
Standard & Poor's 500	**15.6**

Five-year returns

	%
Manufacturers Life, Ont.	35.0
Employers Life of Wausau	27.1
Intrawest, Colo.	27.1
Bessemer Trust, N.Y.	26.7
United of Denver	24.4
First Union Bank, N.C.	24.0
US Natl. of Oregon	23.9
Philadelphia Life, Pa.	23.9
Home Life, N.Y.	23.8
First Interstate of Nevada	23.2
Citizens Chillicothe, Mo.	22.6
Equitable Life (No. 4)	22.6
Mercantile at Dallas	22.6
Philadelphia Natl., Pa.	21.9
Huntington Banks, Ohio	21.6
Provident National, Pa.	21.4
Unibanctrust, Ill.	21.3
Texas Commerce	20.8
Wheeling Dollar Bank, W. Va.	20.7
Marine Trust, Wis.	20.7
Sun Bank, Fla.	20.7
First Natl. of Commerce, La.	20.2
First Variable Life, Ark.	20.2
Capital Bank, Houston	20.2
First Trust Corp., Colo.	20.1
Aetna Life & Casualty, Conn.	20.1
Confederation Life, Ont.	19.9
First Bank Milwaukee	19.9
Guardian Insurance, N.Y.	19.9
Omaha National Bank	19.9
First Wisconsin National	19.8
Natl. of Com. San. Antonio	19.8
CIGNA Corp., Conn.	19.8
Chase Manhattan, N.Y.	19.5
California First Bank	19.5
State Mutual Life, Mass.	19.5
American Security, D.C.	19.4
First City Natl., Houston	19.4
Equitable Bank, Md.	19.3
IAA Trust Co., Ill.	19.2
Massachusetts Mutual	19.2
Girard Bank, Pa.	19.2
Natl. of Commerce, Neb.	19.2
Fourth Natl., Tulsa	19.2
Northern Trust, Ill.	19.2
Connecticut Mutual Life	19.2
Planters National, N.C.	19.1
Rainier National, Wash.	19.0
Penn Mutual Life, Pa.	19.0
Minnesota Mutual	19.0
Bank One Trust, Ohio	19.0
Commonwealth Natl., Pa.	18.9
State Street Bank, Mass.	18.7
American Natl., Chic. (Active)	18.7
Natl. City, Cleveland	18.6
Mutual Benefit, N.J.	18.6
Genesee Merchants, Mich.	18.6
Fifth Third Bank, Ohio	18.5
Southeast Bank, Fla.	18.5
United Virginia Bank	18.5
Sentry Life, Wis.	18.5
Fidelity Union, N.J.	18.5
Standard & Poor's 500	**16.2**

Ten-year returns

	%
Manufacturers Life, Ont.	23.5
Philadelphia Life, Pa.	18.3
Guardian Insurance, N.Y.	18.2
Citizens Chillicothe, Mo.	17.8
First Wis. Natl., Madison	17.4
First Variable Life, Ark.	17.3
Bessemer Trust, N.Y.	16.9
Employers Life of Wausau	16.0
First Trust Corp., Colo.	14.9
Bankers Life, Iowa	14.9
Confederation Life, Ont.	14.7
Capital Bank, Houston	14.6
US Natl. of Oregon	14.1
Home Life, N.Y.	13.2
Aetna Life & Casualty, Conn.	13.1
Wheeling Dollar Bank, W. Va.	12.8
Landmark Union Trust, Fla.	12.6
Hibernia National, La.	12.6
United of Denver	12.3
Minnesota Mutual	12.3
Liberty National, Okla.	12.3
Penn Mutual Life, Pa.	12.3
First of Kenosha	12.2
First Interstate of Wash.	11.9
Massachusetts Mutual	11.9
Equitable Life (No. 4)	11.9
Provident National, Pa.	11.9
Mercantile at Dallas	11.8
Fifth Third Bank, Ohio	11.8
Intrawest, Colo.	11.7
Pittsburgh Natl. (QMS)	11.4
First Pennsylvania Bank	11.3
Life of Virginia	11.1
Olympic Bank, Wash.	11.1
First Natl. of Com., La.	11.1
CIGNA Corp., Conn.	11.0
Crown Life, Ont.	11.0
First Tennessee, Chat.	10.9
First Jersey Natl., N.J.	10.7
Chicago Title & Trust	10.7
Moline National, Ill.	10.6
BancTexas, Dallas	10.5
Seattle Trust, Wash.	10.5
First of America, Mich.	10.3
Old Second Natl., Aurora	10.3
Bank of Delaware	10.3
Provident Mutual, Pa.	10.3
Interfirst Invt. Mgmt., Texas	10.2
Natl. City of Cleveland	10.2
First Union Bank, N.C.	10.2
Phoenix Mutual, Conn.	10.2
Colorado National Bank	10.2
Texas American Bank	10.2
First City Natl., Houston	10.2
Citytrust, Conn.	10.2
Standard & Poor's 500	**9.8**

Top fixed funds by size

One-year returns
Over $100 million

	%
Life of Virginia	19.2
CIGNA Corp., Conn.	17.7
Morgan Guaranty (Med.)	17.5
Prudential, N.J.	17.0
John Hancock	16.7
Texas Commerce	16.5
First of Chicago	16.4
Irving Trust, N.Y.	15.9
American Security, D.C.	15.3
Centerre Trust, Mo.	15.2

$50 million to $100 million

	%
Marine Midland, N.Y.	17.5
Girard Bank, Pa.	15.3
Norwest Bank, Minn.	15.3
Bankers Trust A, N.Y.	15.2
North Carolina Natl.	15.1
Hibernia National, La.	14.7
Northern Trust, Ill.	13.9
First Union Bank, N.C.	13.1
Fidelity Bank, Pa.	12.7
Comerica Bank, Mich.	12.5

$10 million to $50 million

	%
Trust Svcs. of Amer., Calif.	21.5
First Wis. Natl., Madison	20.5
Lloyds Bank, Calif.	20.4
Riggs of Washington	19.1
United of Denver	18.9
State Street Bank, Mass.	18.6
Mutual of N.Y.	18.3
Liberty Natl., Okla.	18.2
Manufacturers & Trader	18.0
Hamilton Bank, Pa.	17.8

Under $10 million

	%
First Variable Life, Ark.	26.9
American Natl., Austin	22.2
Key Trust Co., N.Y.	22.0
Central Fid., Lynchburg	21.8
Security Peoples Trust, Pa.	20.3
Society Natl., Ohio	20.2
Beverly Bank, Ill.	19.7
First of Neenah (Mtg.)	19.4
Ohio Citizens Trust	19.1
First City Austin	18.3

10-year returns
Over $100 million

	%
Manufacturers Hanover, N.Y.	9.5
Centerre Trust, Mo.	9.4
Texas Commerce	9.4
US Trust, N.Y.	9.4
CIGNA Corp., Conn.	9.2
Irving Trust, N.Y.	8.1
Wachovia Bank, N.C.	8.0
John Hancock	7.9
Natl. Bank of Detroit	7.8
First of Chicago	7.5

$50 million to $100 million

	%
Hibernia Natl., La.	10.5
Fidelity Bank, Pa.	9.5
North Carolina Natl.	8.5
Bankers Trust A, N.Y.	8.2
Comerica Bank, Mich.	8.0
Girard Bank, Pa.	7.8
First Union Bank, N.C.	7.7
First Penn. Bank	7.7
Northern Trust, Ill.	7.6
First of Minneapolis	7.6

$10 million to $50 million

	%
Jefferson Trust, Ill.	9.9
Fourth Natl., Wichita, Kans.	9.9
First Merch., Richmond, Va.	9.8
Seattle 1st Natl., Wash.	9.6
Mercantile Trust, Mo.	9.6
Cullen Bank, Texas	9.4
Bankers Trust B, N.Y.	9.1
First Jersey Natl., N.J.	8.9
First Interstate of Calif.	8.8
First Wis. Natl., Madison	8.7

Under $10 million

	%
Bank One Trust, Ohio	11.2
Pacific Mutual, Calif.	10.1
Com. Union, Tenn.	10.0
California First Bank	9.5
Allied Bank, Texas	9.2
First of Neenah, Wis.	9.0
Puget Sound Natl.	8.8
First of Bartlesville	8.8
Oregon Bank	8.7
Ohio Citizens Trust	8.4

Top quartile commingled fixed-income funds

Three-month returns

	%
Security Natl. Bank, W. Va.	3.6
First Variable Life, Ark.	3.5
First of Neenah, Wis. (Mtg)	3.4
Huntington Banks, Ohio	3.4
First Natl., Jackson, Miss.	3.3
Central Fid., Lynchburg, Va.	3.1
Allied Bank, Texas	2.9
Ouachita National, La.	2.9
Philadelphia National, Pa.	2.8
Unibanctrust, Ill.	2.8
Puget Sound Natl., Wash.	2.7
Old Second Natl., Ill.	2.6
North Carolina Natl. Bank	2.5
Trust Svcs. of Amer., Calif.	2.5
Pioneer Bank, Ill.	2.5
City Trust, N.J.	2.5
Beverly Bank, Ill.	2.4
Confederation Life, Ont.	2.4
First of Neenah, Wis.	2.4
Bank of Oklahoma	2.4
St. Louis County Bank, Mo.	2.4
Equibank, Pa.	2.4
Old Second Natl., Ill.	2.4
Natl. of Com., Tenn.	2.4
Commerce Union, Tenn.	2.4
Mid-State Bancorp., Pa.	2.4
First of Peoria, Ill.	2.4
First City Dallas	2.4
First Interstate of Nevada	2.3
Gary-Wheaton Bank, Ill.	2.3
First Citizens, N.C.	2.3
First of K.C., Mo.	2.3
First of Elgin, Ill.	2.3
First of Grand Island, Neb.	2.2
Moline National, Ill.	2.2
Marquette National, Minn.	2.2
State Street Bank, Mass.	2.2
Kellogg Bank, Wis.	2.2
First of Bartlesville, Okla.	2.1
Olympic Bank, Wash.	2.1
Lake Shore National, Ill.	2.1
American Fletcher (Int.Mat.)	2.1
Midlantic National, N.J.	2.0
Bankers Trust B, N.Y.	2.0
First Interstate of Wash.	2.0
Key Trust Co., N.Y.	2.0
Comerica, Mich. (Int.)	2.0
Riggs of Washington	2.0
Oregon Bank	1.9
First Natl. State, N.J.	1.9
Citytrust, Conn.	1.9
Cullen Bank, Texas	1.9
First of Cincinnati (Int.Mat.)	1.9
Liberty National, Ky.	1.9
Bank of New England, Mass.	1.9
Mercantile Trust, Mo.	1.9
United Virginia Bank	1.9
First Natl., Lincoln	1.9
First of Pa., Erie	1.8
Security Pacific, Calif.	1.8
Manufacturers & Trader, N.Y.	1.8
Mich. Natl. of Grand Rapids	1.8
American Natl., Chicago	1.8
Fidelity Bank, Okla.	1.8
Hamilton Bank, Pa.	1.8
Irving Trust, N.Y.	1.8
LBKL Index	1.5
Salomon Bros. Index	−0.3

One-year returns

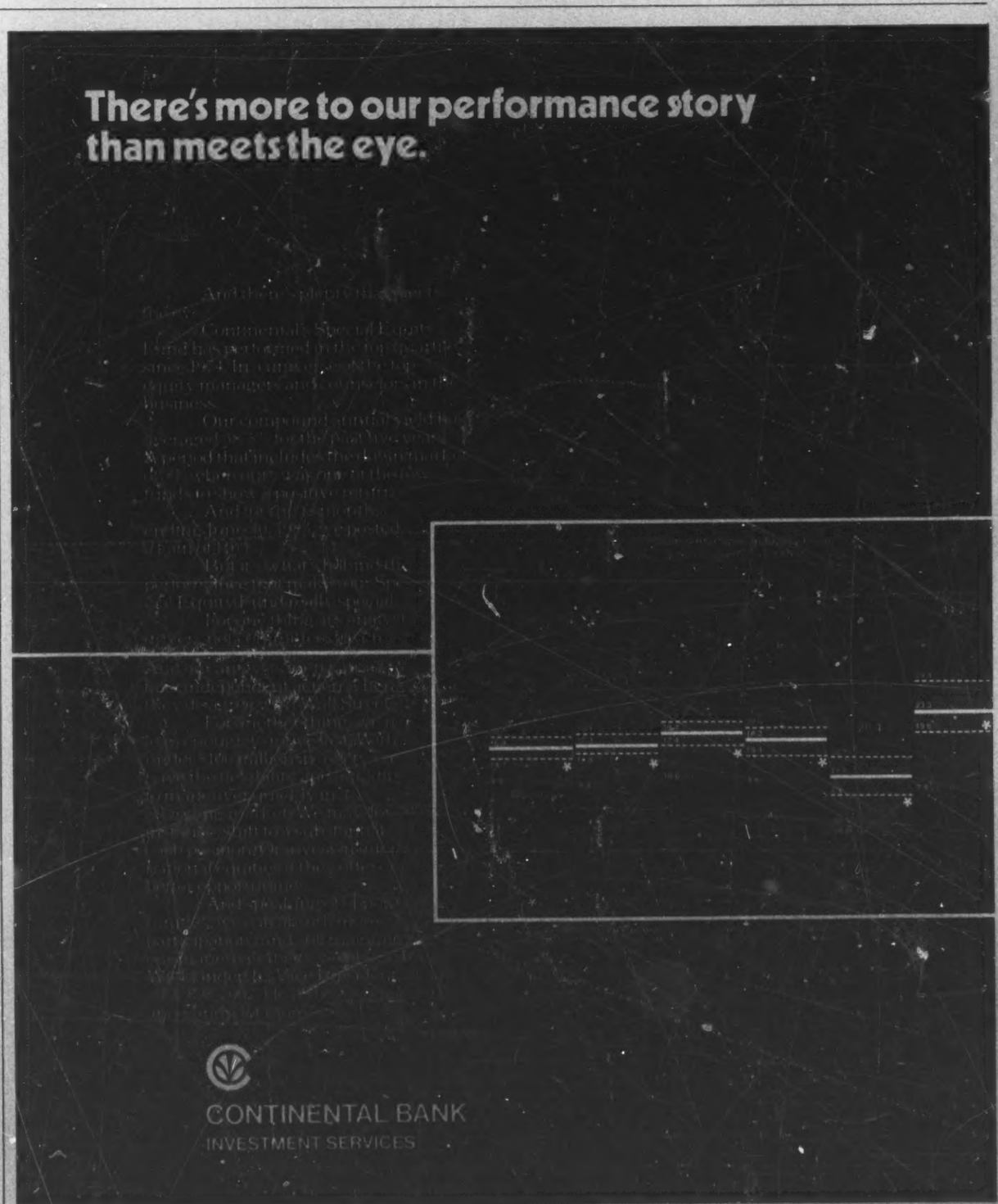
	%
First Variable Life, Ark.	26.9
American Natl., Austin, Texas	22.2
Key Trust Co., N.Y.	22.0
Central Fid., Lynchburg, Va.	21.8
Trust Svcs. of Amer., Calif.	21.5
Pioneer Bank, Ill.	20.8
First Wis. National	20.5
Lloyds Bank, Calif.	20.4
Security-Peoples Trust, Pa.	20.3
Society National, Ohio	20.2
Beverly Bank, Ill.	19.7
First of Neenah (Mtg.)	19.4
Life of Virginia	19.2
Riggs of Washington	19.1
Ohio Citizens Trust	19.1
United of Denver, Colo.	18.9
State Street Bank, Mass.	18.6
Mutual of N.Y.	18.3
First City Austin, Texas	18.2
Liberty National, Okla.	18.2
Merchants National, Ala.	18.1
Equibank, Pa.	18.0
Manufacturers & Trader, N.Y.	18.0
Hamilton Bank, Pa.	17.8
CIGNA Corp., Conn.	17.7
Cullen Bank, Texas	17.7
Central Fid., Richmond, Va.	17.6
First Interstate of Ariz.	17.6
Marine Midland, N.Y.	17.5
Morgan Guaranty, N.Y. (Med.)	17.5
Confederation Life, Ont.	17.3
California First Bank	17.3
First Natl. State, N.J.	17.3
Marine Trust, Wis.	17.3
First Merch., Richmond, Va.	17.3
First Interstate of Calif.	17.3
Colonial Amer. Natl., Va.	17.2
Intrawest, Colo.	17.2
Connecticut National Bank	17.2
Security Trust, Rochester	17.2
Gary-Wheaton Bank, Ill.	17.2
HT Investors Inc., R.I.	17.1
Prudential, N.J.	17.0
Security Natl. Bank, W. Va.	16.9
Texas American Bank	16.9
Toledo Trust, Ohio	16.9
Salomon Bros. Index	16.9
Peoples Trust, Ind.	16.8
Wheeling Dollar Bank, W. Va.	16.8
John Hancock	16.7
New England Mutual, Mass.	16.7
First of Warsaw, Ind.	16.6
Seattle Trust, Wash.	16.6
Huntington Banks, Ohio	16.6
Texas Commerce	16.5
Old National, Wash.	16.4
First of Chicago	16.4
IAA Trust Co., Ill.	16.4
Colorado National Bank	16.4
Moline National, Ill.	16.4
LBKL Index	15.2

Three-year returns

	%
First Merch., Richmond	18.3
Life of Virginia	18.1
Allied Bank, Texas	17.9
Cullen Bank, Texas	17.5
Bankers Trust A, N.Y.	16.7
Union Planters, Tenn.	16.6
First Variable Life, Ark.	16.5
Lloyds Bank, Calif.	16.4
Marine Midland, N.Y.	16.3
Fidelity Bank, Pa.	16.3
Security-Peoples Trust, Pa.	16.3
Ohio Citizens Trust	16.2
Beverly Bank, Ill.	16.1
Central Natl., Cleveland	16.1
Girard Bank, Pa.	16.1
First Interstate of Calif.	16.1
Riggs of Washington	16.0
Key Trust Co., N.Y.	16.0
Pacific Mutual, Calif.	16.0
Commerce Union, Tenn.	16.0
Connecticut National Bank	15.9
American Security, D.C.	15.9
Intrawest, Colo.	15.9
Centerre Trust, Mo.	15.9
Marine Trust, Wis.	15.8
Morgan Guaranty, N.Y. (Med.)	15.7
American Natl., Austin	15.7
Trust Svcs. of Amer., Calif.	15.6
First Wis. Natl., Madison	15.6
Manufacturers Hanover, N.Y.	15.6
Mercantile Trust, Mo.	15.6
Fourth Natl., Wichita	15.6
Wheeling Dollar Bank, W. Va.	15.5
Confederation Life, Ont.	15.5
Texas American Bank	15.5
Bank of New England, Mass.	15.5
State Street Bank, Mass.	15.5
John Hancock	15.4
Fidelity Union, N.J.	15.4
United of Denver	15.4
Seattle 1st Natl., Wash.	15.4
Central Fid., Lynchburg, Va.	15.4
Genesee Merchants, Mich.	15.3
Landmark Union Trust, Fla.	15.3
CIGNA Corp., Conn.	15.2
Society National, Ohio	15.2
First Natl. State, N.J.	15.2
Bank One, Dayton	15.2
First Jersey National, N.J.	15.2
First Interstate of Ariz.	15.2
First of Warsaw, Ind.	15.2
Fidelity Union (Int.), N.J.	15.2
American Natl., Chicago	15.1
First Natl. of Commerce, La.	15.1
Wachovia Bank, N.C.	15.0
First Bank, Milwaukee	15.0
First Interstate of Wash.	15.0
Pioneer Bank, Ill.	15.0
Northern Central, Pa.	15.0
Crown Life, Ont.	15.0
Irving Trust, N.Y.	15.0
State Mutual Life, Mass.	15.0
Commonwealth Natl., Pa.	15.0
Mutual of N.Y.	15.0
Colonial Am. Natl., Va.	15.0
Seattle Trust, Wash.	15.0
Hibernia National, La.	15.0
LBKL Index	15.0
Salomon Bros. Index	14.7

Five-year returns

	%
Fourth Natl., Wichita, Kan.	13.6
Texas Commerce	13.4
First Merch. Richmond, Va.	12.8
Hibernia National, La.	12.3
Seattle 1st Natl., Wash.	12.1
Beverly Bank, Ill.	12.0
Cullen Bank, Texas	12.0
Fidelity Bank, Pa.	11.9
Interfirst Invt. Mgmt., Texas	11.9
Commerce Union, Tenn.	11.8



Allied Bank, Texas 11.8
Boatmen's National, Mo. 11.6
First of K.C., Mo. 11.5
Jefferson Trust, Ill. 11.5
Manufacturers Hanover, N.Y. 11.5
First Jersey Natl., N.J. 11.4
Pacific Mutual, Calif. 11.4
American Security, D.C. 11.3
Bankers Trust B, N.Y. 11.3
Bank of New England, Mass. 11.3
Riggs of Washington 11.0
Mercantile Trust, Mo. 10.9
Mid-State Bancorp, Pa. 10.8
First Wis. Natl., Madison 10.8
United of Denver, Colo. 10.8
Fidelity Union (Int.) N.J. 10.8
American Natl., Austin, Texas 10.8
First of Pa., Erie 10.8
First Interstate of Calif. 10.7
Centerre Trust, Mo. 10.7
Merchants Natl., Pa. 10.7
First of Neenah, Wis. 10.7
Pittsburgh National 10.6
First of Neenah (Mtg.) 10.6
Life of Virginia 10.4
Union Planters, Tenn. 10.4
American Bank, Tenn. 10.4
US Trust, N.Y. 10.4

First Bank Milwaukee 10.4
Lloyds Bank, Calif. 10.4
Security-Peoples Trust, Pa. 10.4
Manufacturers Detroit, Mich 10.4
North Carolina Natl. Bank 10.3
Seattle Trust, Wash. 10.2
Central Fid., Lynchburg, Va. 10.2
Landmark Union Trust, Fla. 10.2
Puget Sound Natl., Wash. 10.2
First of Warsaw, Ind. 10.2
First Natl. of Com., La. 10.2
American Natl., Chicago 10.2
American National, Minn. 10.1
Toledo Trust, Ohio 10.1
Oregon Bank 10.1
Gary-Wheaton Bank, Ill. 10.1
First of Elgin, Ill. 10.1
LBKL Index 9.2
Salomon Bros. Index 6.4

Ten-year returns

	%
Bank One Trust, Ohio	11.2
Hibernia National, La.	10.5
Pacific Mutual, Calif.	10.1
Commerce Union, Tenn.	10.0
Jefferson Trust, Ill.	9.9
Fourth Natl., Wichita, Kan.	9.9

First Merch., Richmond, Va. 9.8
Seattle 1st Natl., Wash. 9.6
Mercantile Trust, Mo. 9.6
Fidelity Bank, Pa. 9.5
California First Bank 9.5
Fidelity Union (Int.), N.J. 9.5
Manufacturers Hanover, N.Y. 9.5
Centerre Trust, Mo. 9.4
Cullen Bank, Texas 9.4
Texas Commerce 9.4
US Trust, N.Y. 9.4
Allied Bank, Texas 9.2
CIGNA Corp., Conn. 9.2
Bankers Trust B, N.Y. 9.1
First of Neenah, Wis. 9.0
First Jersey Natl., N.J. 8.9
First Interstate of Calif. 8.8
Puget Sound Natl., Wash. 8.8
First of Bartlesville, Okla. 8.8
Oregon Bank 8.7
First Wis. Natl., Madison 8.7
Manufacturers Detroit, Mich. 8.6
Mercantile Safe, Md. 8.5
North Carolina Natl. Bank 8.5
American Bank, Tenn. 8.5
Massachusetts Mutual 8.4
Ohio Citizens Trust 8.4
Landmark Union Trust, Fla. 8.4

American Natl., Chicago 8.4
American Fletcher (Int. Mat.) 8.3
Third Natl., Nashville 8.3
Security-Peoples Trust, Pa. 8.2
Lloyds Bank, Calif. 8.2
Bankers Trust A, N.Y. 8.2
United of Denver, Colo. 8.2
Summit & Elizabeth, N.J. 8.2
Union Planters, Tenn. 8.2
First Interstate of Ariz. 8.2
BancTexas, Dallas 8.2
Salomon Bros. Index 6.4
LBKL Index 2.9

Top quartile commingled special equity funds

Three-month returns

	%
Midlantic EBF Special	4.0
Shawmut Value Equity	3.4
Valencia Bank, Calif.	3.4
First of Boston Equity Yield	2.9
First City Natl., Austin	2.4
Morgan Supple. Oppor.	1.8
Metropolitan Sep. Acct. 5	1.2
Interfirst Fort Worth Income	1.1

Oregon Aggressive Growth 0.9
United Virginia Bank 0.6
Wachovia Special Values 0.4
Chase Value Equity 0.2
Merchants Nat.-Ind. Eq. 2 ..... −0.2
Am. Fletcher E Fund ..... −1.3
Prudential (Midco) ..... −1.6
Mercantile Sec. Growth ..... −1.6
First of Chic. Inst. Spec. ..... −1.6
Kellogg Bank Growth ..... −1.8
Man. Hanover Uncommon ..... −2.0
Kellogg Bank High Risk ..... −2.1
Chase Investors Spec. Eq. ..... −2.2
Trust Co. Bank-Sun Belt Eq. ..... −2.6
Fidelity Mgmt. Trust ..... −2.6
Morgan Intermed Cap. Eq. ..... −2.7
Third Natl. Spec. Eq. ..... −2.8
Old Second Natl. HR10 Eq. ..... −2.9
First of Neenah, Wis. ..... −2.9
Prudential (Smallco) ..... −3.0
Seattle First NW Fund ..... −3.3
John Hancock Growth Stock ..... −3.3
City Trust, N.J. ..... −3.5
Merchants Nat-Al Spec.Stk. ..... −3.7
Natl. of Detroit-Oppor. ..... −3.7
Cent. Fidelity, Lynchburg ..... −3.9
Man. Hanover Supple. Eq. ..... −4.2
Natl. City Bank, Ohio, Spe. ..... −4.4
AmeriTrust Spec. Fund ..... −4.5
First Penn. Spec. Eq. ..... −4.8
Norwest Special Inv. ..... −4.8
Shawmut Tech. Equity ..... −4.9
Chase Interm Cap. Eq. ..... −4.9
Equitable Life Sep. Acct. 3 ..... −5.0
Standard & Poor's 500 ..... −0.1

One-year returns

	%
Security Pacific Growth	139.8
California First	137.0
Equitable Bank Special	124.1
American Security	104.3
Fidelity Mgmt. Trust	96.4
Conn. Natl., Supple. Eq.	86.0
Natl. City Bank, Cleveland, Spe.	79.1
Merchants Nat.-Ala., Spec. Stk.	77.9
Cent. Fidelity, Richmond	77.3
Equitable Life, Sep. Acct. 3	74.8
First Interstate, Calif. W. Tec.	74.0
First Trust of St. Paul	73.8
Northern Trust, Spec. Eq.	73.0
First Pennsylvania Spec. Eq.	71.3
Third Natl., Spec. Eq.	68.5
Bankers Trust, Supp. Eq.	68.2
First of Maryland, Spec. Eq.	68.2
First of Boston, Eq. II	67.1
Chemical Emp. Ben. Spec. Fund	66.6
Chase Interm Cap. Eq.	66.5
Northern Central	65.7
Man. Hanover Spec. Eq.	65.4
Irving Trust, Spec. II	65.0
First of Chicago, Inst. Spec.	64.3
Republic Natl., Spec. Eq.	62.9
Mercantile Sec. Growth	62.4
Norwest Special Inv.	62.1
First Wis. Madison, Spec.	62.1
Man. Hanover, Uncommon	61.5
First of Neenah, Wis.	61.2
Morgan Supple. Oppor.	60.6
Wachovia Special Values	60.4
Chase Value Equity	60.3
First of Grand Island	59.7
Prudential (Smallco)	59.6
Merchants Natl., Pa.	59.5
Bank of Calif. Spec. Growth	58.9
Prudential (Midco)	58.6
United Virginia Bank	58.1
HT Investors Special	58.0
Standard & Poor's 500	44.5

Three-year returns

	%
California First	46.0
Merchants Nat., Ala. Spec. Stk.	34.0
Norwest Special Inv.	30.3
First of Maryland Sec. Eq.	30.1
Northern Central	30.1
Cent. Fidelity, Richmond	30.1
Northern Trust, Spec. Eq.	30.0
Mercantile Sec. Growth	29.4
First Pennsylvania Spec. Eq.	28.9
Bankers Trust Supp. Eq.	28.7
Conn. Natl., Supple. Eq.	28.6
Chase Value Equity	27.2
First Wis. Madison Spec.	26.4
First Trust of St. Paul	25.9
Prudential (Smallco)	25.8
Chemical Emp. Ben. Spec. Fund	25.7
Natl. City Bank, Cleveland, Spec.	25.7
First of Chicago, Inst. Spec.	25.7
Third National, Spec. Eq.	25.6
Chase Investors, Spec. Eq.	25.5
Chase Interm Cap. Eq.	25.3
Bank One Dayton Aggres. Eq.	25.1
Midlantic EBF Special	24.6
Prudential (Midco)	23.9
Man. Hanover, Uncommon	23.8
HT Investors Special	23.5

Continued on page 77

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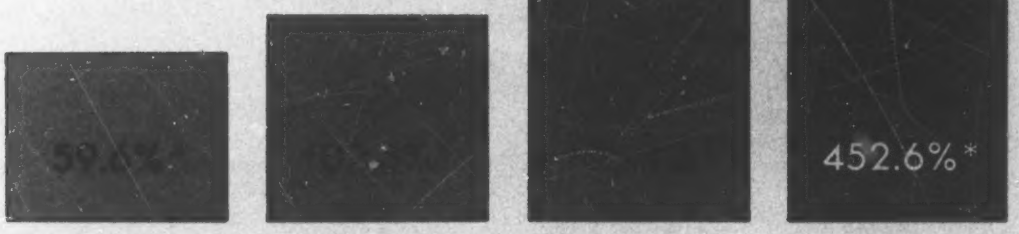

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*These figures show the total return as of 6/30/83 of investments made on 12/31/77. The figure for the CGMG represents the average of accounts managed during this period and includes reinvestment of all dividends. The figures for the S&P 500 and the Dow Jones Industrial Average — widely recognized indices of stock market performance (based on an unmanaged group of stocks) — include the reinvestment of all dividend distributions. These figures are not necessarily an indication of future results.

Comparative performance of Capital International Singapore index & Standard & Poor's 500 stock index
(Total return in U.S. dollars, %)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1973-1982
CI Singapore	−32.85	−48.18	63.68	13.88	5.99	45.04	28.55	62.64	18.31	−16.68	7.47*
S&P 500	−14.77	−26.39	37.15	23.68	−7.24	6.66	18.57	32.40	−4.85	21.53	6.69*

Compound per annum return. Source: InterSec Research Corporation.

Sun may be rising on SES

By Graham Bamping

THE STOCK Exchange of Singapore Ltd. has a deserved reputation for being a relatively inefficient and volatile market. However, the SES also is unusual because it serves the two rapidly growing economies of Singapore and Malaysia. The pace of development is an indication to investors of the probability of continued rapid earnings growth and also of the eventual maturity of the SES as an investment market.

Like Japan in the early 1970s, this combination of factors makes it a particularly attractive arena for the skills of a research-based, active international investment manager in search of valuation anomalies.

The figure above shows that from 1973 to 1982, the SES produced a total return, in U.S. dollar terms, 78 basis points per annum above the Standard & Poor's 500 stock index. However, performance appears to have varied significantly from year to year, with particularly high returns achieved during phases of recovery in world economic activity, such as in 1975, and years when equity values rose sharply worldwide, as in 1980.

The SES is what has become known as a "high beta" market. InterSec Research calculates the SES is about twice as volatile as the S&P 500 — its volatility is about 209% — and that there is little correlation between monthly observations of the movements of the two markets — the r-squared is only 0.23.

Where do we stand in the cycle now and, more importantly, what is the fundamental basis for investing in a relatively small and historically volatile market?

Singapore

Since 1970, Singapore has maintained real gross domestic product growth averaging 9% a year, and now has the second highest GDP per capita in Asia after Japan.

Singapore is a small island, about 10 times the size of Manhattan, at the southern tip of the Malaysian Peninsula. It is at the heart of Southeast Asia, a vast, resource-rich hinterland, which it serves, both as entrepot and outlet to the world market. The island is inhabited by more than 2 million people, of whom approximately 75% are Chinese, 15% Malay and 10% Indian.

The Oriental potpourri of cultures and the high aspirations of a largely migrant population have fueled the economy. This energy has been conserved and channeled to upgrade the output of the economy, with an emphasis on enhanced education, productivity and technology. Singapore can lay claim to a record of political stability and continuity of policy unmatched worldwide, having been governed by Lee Kuan Yew for almost 25 years.

A move has been engineered away from the traditional low value-added marine service industries, such as ship repair and salvage, toward financial services and higher technology industry. In the stock market, the major beneficiaries of this trend have been the banks and finance companies; in the industrial sphere, oil-rig builders have benefited.

Malaysia

By contrast, Malaysia is a "lucky country" with a large endowment of natural resources. An energy exporter, Malaysia is also the world's largest producer of natural rubber, palm oil and tin. Such natural wealth is not unusual in Southeast Asia, but what distinguishes Malaysia from other countries is a stable and consistent government.

Since obtaining its independence in 1957, Malaysia has been governed by a coalition of parties representing the three main ethnic groups. The Malaysian population is approximately 55% Bumiputra ("sons of the soil" — the indigenous population), 35% Chinese and 10% Indian. The prime minister always has been the leader of the main Bumiputra party, UMNO.

Historically, the distribution of material wealth in Malaysia has been skewed toward the Chinese community, which traditionally has taken the lead in commerce. As education standards among the largely Bumiputra rural population have risen, so have aspirations.

The government has gone some way toward meeting these aspirations by arranging a more "equitable" distribution of wealth, and not causing a backlash from the minority racial groupings. These objectives can only be met in the context of a rapidly growing economy.

Thus, the new economic policy instituted in 1970 was designed not only to redistribute wealth but also to foster growth and productivity, particularly through the development of a manufacturing sector.

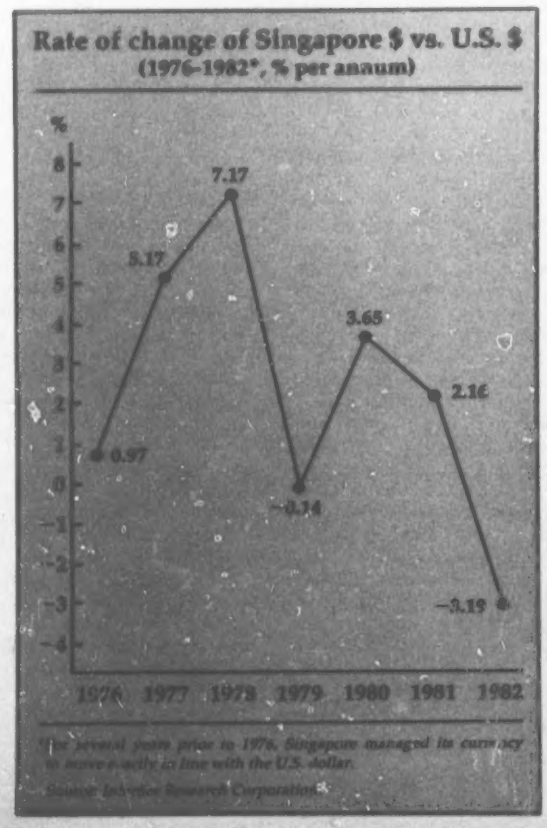
Malaysia has enjoyed real gross development product growth averaging 7.4% per year during the life of the new policy. By 1981, manufacturers represented 23.6% of Malaysia's exports compared with 11.1% in 1970. Also, considerable progress has been made toward the new policy target of 30% Bumiputra ownership of corporate equity by 1990.

The recent past

In neither country did inflation in the 1970s or the 1980s reach levels sufficient to curtail expansionary policy.

A major factor in allowing the finance of heavy investment required to generate such high rates of growth without inflationary consequences is the high savings ratio exhibited by both countries: for Singapore and Malaysia, 38.5% and 21.7%, respectively in 1982. Singapore has found it unnecessary to borrow in the international markets, while Malaysia is one of the most highly regarded of sovereign risks.

Rate of change of Singapore $ vs. U.S. $
(1976-1982*, % per annum)



In several years prior to 1976, Singapore managed its currency to move exactly in line with the U.S. dollar.
Source: InterSec Research Corporation.

The figure below shows that the Singapore currency has been a relatively steady feature against the U.S. dollar in recent years. The Malaysian dollar moves much in line with its Singapore counterpart.

Nonetheless, the world recession has had its impact on the economies of Singapore and Malaysia. The demand for Malaysia's commodities was reduced significantly and prices suffered. This affected the regional service center, Singapore, which experienced a decline in demand for its manufactured exports. This was reflected in the poor performance of the SES between July 1981 and August 1982.

However, in 1982, Singapore still generated 6.3% growth, and Malaysia showed a 3.9% increase. This enviable economic performance has been due particularly to countercyclical government expenditure on economic infrastructure.

The future

The Malaysian economy, in particular, remains highly sensitive to commodity prices. Agriculture still supports about 25% of the population, and the disposable income of these people is tied directly to produce prices.

Thus, as the recovery in world activity continues, growth will pass increasingly to the private sector, which will reap the benefits of the infrastructural expenditure of recent years. Foundations are in place for continued growth based not only on the plantation companies, which are well-placed, but also on the manufacturing sectors of the two economies, upgrading productivity and value-added.

In Malaysia, this initially will take the form of further development of consumer-related industry, such as residential property development and related demand for building materials, especially the cement manufacturers. The food and beverage industry, both manufacturing and retailing, should prosper, as consumer tastes continue to Westernize.

Singapore increasingly will become the regional center for high technology, particularly electronics and semiconductors.

Its role in the global financial service market also will continue to grow. Banks and financial service companies now provide the most attractive investment opportunities since many of them are standing on large discount ratings to the market average, even though they will continue to show well-above-average earnings growth.

Given the commodity exposure of the regional economy, one might expect the SES to lag the stock markets of the industrially developed nations in the early stages of recovery, moving more in line with "late cycle" markets like Australia. In fact, data produced by InterSec Research show equally little correlation between the movements of the SES and Australian markets — a little more than 21% in U.S. dollar terms.

Again, the explanation appears to lie with the relative smallness and volatility of the SES. At the end of 1983, the SES as measured by the Capital International index stood 65% above its August 1982 low, while the S&P 500 had risen 64.1% in U.S. dollar terms. Given the performance history of the SES, a strong relative performance by the market can be expected if economic recovery is sustained.

Investors may expect to see significant changes in relative ratings within the market as institutions, both foreign and domestic, become more active and take advantage of existing valuation anomalies. With continued industrial development, more companies will seek SES listing, and increasing maturity is likely to reduce the volatility of the market. ■

Graham D. Bamping is manager of Morgan Grenfell Investment Services Ltd., New York.

Features

Letters . . .

Continued from page 10

My article contrasted the turns of portfolio insurance with that of a "strawman" — a static "allocated" strategy — and showed that even a "naive" static strategy having similar volatility would have outperformed portfolio insurance. I did not suggest a static strategy is the best investment strategy.

Additionally, since portfolio insurance does not forecast returns, but rather trades based upon changing wealth levels, it is not "dynamic" but rather "mechanical."

A truly dynamic strategy would reallocate assets based upon a forecast of returns.

While Mr. Ferguson asserts portfolio insurance triggers "stop-loss" and "start-gain" orders, a more accurate description is that portfolio insurance triggers equity sale and equity purchase orders.

In a real time example of portfolio insurance presented by Hayne E. Leland of Leland O'Brien at the University of California Berkeley Program in Finance, the portfolio insurance program was begun on March 4, 1982, with an initial allocation of equities of 74.2%.

By April 2, the value of the equity portfolio increased by 4%, triggering a purchase of equities that increased the equity allocation by 7.7 percentage points. This did not, however, start a gain but rather a loss since the value of the equity portfolio subsequently fell by 5.3% from April 2 to Aug. 10, triggering a sale of equities.

Bruce I. Jacobs
Director-asset management
The Prudential Insurance
Co. of America
Prudential Plaza,
Newark, N.J.

p.i.p.e.r.

Continued from page 16

Central Tr., Ohio, Cap. App.	22.8
First of Boston, Equity II	22.3
Interfirst Invt. Mgmt., Texas	22.0
Irving Trust, Special II	21.3
Equitable Life Sep. Acct. 3	21.1
First of Boston, Eq. Yield	20.9
Standard & Poor's 500	**15.6**

Five-year returns

	%
California First	43.5
Northern Central	40.9
Mercantile Sec. Growth	34.6
Prudential (Smallco)	32.0
Bankers Trust, Supp. Eq.	31.1
Chemical Emp. Ben. Spec. Fund	30.7
Norwest Special Inv.	29.3
Merchants Natl., Ala., Spec. Stk.	29.2
Equitable Life, Sep. Acct. 3	28.9
Equitable Bank Special	27.6
Chase Investors Spec. Eq.	27.6
First of Maryland, Spec. Eq.	25.8
Chase Interm Cap. Eq.	25.4
Interfirst Invt. Mgmt., Texas	25.0
Irving Trust Special II	24.4
First Pennsylvania Spec. Eq.	24.1
Republic Natl. Spec. Eq.	24.0
Morgan SSI Equities	24.0
FIT Investors Special	23.8
Natl. City Bank, Ohio, Spec.	23.3
US Trust, Suppl. Growth	22.8
Metropolitan Sep. Acct. 5	22.5
Cent. Fidelity, Richmond	22.4
Standard & Poor's 500	**16.2**

Ten-year returns

	%
Mercantile Sec. Growth	21.6
Equitable Bank Special	21.5
California First	20.0
Natl. City Bank, Ohio, Spec.	17.2
First Pennsylvania Spec. Eq.	17.2
AmeriTrust Spec. Fund	16.9
Chase Investors, Spec. Eq.	16.5
Bankers Trust, Supp. Eq.	16.5
Kellogg Bank Growth	16.1
Republic Natl., Spec. Eq.	15.9
Man. Hanover, Special Eq.	15.7
Equitable Life, Sep. Acct. 3	15.6
Norwest Special Inv.	15.2
Morgan Intermed. Cap. Eq.	14.6
Standard & Poor's 500	**9.8**

Mattel seeks to terminate $25 million defined benefit plan . . .

Continued from page 1

ing, "It's not a question of needing cash for this week or next week."

He said the defined benefit plan and a defined contribution plan for employees in Southern California would be replaced with a "very expensive" defined contribution plan with "improved benefits" that would offer three investment options for employees: a guaranteed investment contract, an index fund and an aggressive growth stock fund.

Mr. Sherman said Wells Fargo Investment Advisors Division would manage the index fund and Mackay-Shields Financial Corp. would manage the growth stock fund.

Mr. Sherman credited Mackay-Shields' performance records during the past three to five years with, in part, providing the excess assets.

He said Prudential Insurance Co. of America will provide the GICs for a "first three-month period."

Although Mattel dismissed 260 employees in its electronics division last July, Mr. Sherman said the company is in the process of getting adequate financial resources to June of 1985 through a revolving credit agreement with its banks. Mattel is the producer of Intellivision and Aquarius home computers.

Its video game and home computers have suffered along with its competition, Coleco Industries Inc., Atari Inc. and Texas Instruments Corp.

Some analysts have speculated Mattel might choose to bow out of the market altogether, but the company has denied that.

"Nobody did as well as they thought they would. People thought it would be a five-year market, and it turned out to be an 18-month market," said Mr. Sherman about the video-game business.

It is also rumored Mattel might be trying to sell its Western Publishing Co. unit in Racine, Wis., for about $100 million, but a company spokesman would only say, "We have considered and will continue to consider any options in benefit of shareholders."

Stressing that the planned termination was not because of corporate cash flows Mr. Sherman said Mattel has some larger defined benefit plans in some of its subsidiaries that it is not terminating, such as an hourly plan with Western Publishing. Also, he said, the cost of the new defined contribution plan would be "equal to or greater than" the targeted defined benefit plan and a defined contribution plan that would continue but without Southern California salaried employees.

The switch to the defined contribution plan "will be better for our work force," Mr. Sherman said, predicting employees covered by it will prefer it.

He said the switch was the result of an "opportunity coming along."

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TIME PERIOD	ANNUALIZED TOTAL RETURNS: First Wisconsin Special Equity Fund	Standard & Poor's 500	Consumer Price Index
1974–1982 (nine years)	+14.7%	+ 9.4%	+8.8%
1977–1982 (six years)	+16.4%	+10.3%	+9.2%
1980–1982 (three years)	+23.9%	+15.2%	+8.7%

BEAR MARKET YEARS	First Wisconsin Special Equity Fund	Standard & Poor's 500	Difference %
1974 performance	(9.4%)	(26.5%)	+17.1%
1977 performance	+0.2%	(7.3%)	+ 7.5%
1981 performance	+8.4%	(4.9%)	+13.3%

3 HIGH-QUALITY CHARACTERISTICS*

Quality Characteristics* (As of December 31, 1982)	First Wisconsin Special Equity Fund	Standard & Poor's 500
5-year earnings/share growth	16.5% per annum	11.1% per annum
5-year dividend/share growth	16.1% per annum	13.3% per annum
Average return on equity — 5 years	16.5%	16.0%
Theoretical reinvestment rate	15.6%	10.4%
Debt to capital ratio	34.7%	34.2%

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*As measured by Indata Corporation

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Special equities keep pace . . .

Continued from page 13

the quarter was around 1.3, although, given the characteristics of the typical aggressive growth stock, beta is not a prime prerequisite for selection, Mr. Nicholas said.

Among the high fliers for the fund were **America West Airlines Inc.** which typifies the new direction of the airlines, Mr. Nicholas said; **American Carriers Inc.**, a trucking company; **Cannon Group Inc.**, a motion-picture maker; and **Ultimate Corp.**, a producer of highly user-friendly software. Average capitalization for the fund is $150 million, he added, while those companies in the S&P 500 index share an average capitalization of about $1.9 billion.

For the 12-month period, the other top performers were California First Capital Management's special fund, up 137%, Equitable Bank of Baltimore's special fund, up 124.1%, American Security's special fund, up 104.3%, and Fidelity Management Trust's fund, up 96.4%.

California First's special fund led for both the three- and five-year periods ending Sept. 30, with compound annual returns of 46% and 43.5% in that order.

Runners-up for the three-year period were Merchant National Bank's special stock fund showing a compound annual return of 34% and Norwest Bank of Minneapolis' Special Investment Account with 30.3%, while First National Bank of Maryland's Special Equity Fund and the special fund of Northern Central in Williamsport, Pa., shared fourth place with returns of 30.1%.

In the five-years ending Sept. 30, California First was trailed by Northern Central with a compound annual return of 40.9%, Dallas' Mercantile Securities Growth Fund with 34.6%, Prudential Insurance Co. of America's Smallco Fund, 32%, and Bankers Trust Co.'s Supplemental Equities Fund in fifth place with 31.1%.

Mercantile Securities in Dallas heads the list of winners for the 10 years ending Sept. 30, with a compound annual return of 21.6%.

"Our fund differs from the traditional special growth fund in that it doesn't have a large representation in well-known, high-multiple growth stocks. We work in more obscure growth companies," said Walter Adams, president and manager of the $20 million Growth Fund.

During the past year, a large number of consumer names, special retailers and some smaller technology-oriented companies were the best performing stocks in the fund, Mr. Adams said. These included **Ames Department Stores Inc.**, **BB Industries**, **Zenith Radio Corp.**, **Triangle Pacific Corp.** and **Gulf & Western Industries Inc.**

At the end of the third quarter, Mr. Adams said, the fund went from being almost fully invested to about 35% cash. This, he explained, was "because the environment wasn't good any longer and the emphasis was to protect gains we'd already made."

Leading spots for the 10-year period also went to Equitable Bank in Baltimore for its Special Fund with a compound annual return of 21.5%, California First with 20%, and the National City Bank of Cleveland's Special Fund and the First Pennsylvania's Special Equities Fund, which each had a return of 17.2%.

While many of the funds tallied were small, high-growth funds geared for rapid appreciation, some that ranked high on the list were significantly larger.

Equitable Investment Management's Separate Account 3 is one example, with assets of about $250 million. It commanded 10th place in the one-year period ending Sept. 30, with a compound annual return of 74.8%, ninth place in the three-year period with 28.9%, and 12th place in the 10-year period with 15.6%.

According to Paul Gerard, assistant vice president and manager of Separate Account 3, the fund's only rule for selection is attention to value. "We fall in love with no stock," he said.

Mr. Gerard said Equitable "rigorously sells" stocks "as they become overpriced. We are flexible by design."

He attributed much of the fund's success to Equitable Investment Management's organization. "It's open-minded, with very open channels of communication. There are no barriers to making money here."

The fund, he explained, was made up of stocks that were inefficiently valued by the market that as a result became grossly undervalued. Because of this, Mr. Gerard added, the fund's average beta of 1.5 was "very misleading." Some of the year's best performing issues were **Velcro Industries N.V.**, **Worthington Industries**, **Intel Corp.**, **Kyocera Corp.**, **BBDO International** and **Auto-trol Technology**, he said. ■

Bond funds . . .

Continued from page 13

Security Bank, Washington, 15.3%. The LBKL bond index was 15.2% for the year.

In the third-quarter listing of all-sized banks and insurance companies, none of these firms appeared in the top. Comerica, the highest ranking of firms with more than $100 million, was 47th in the overall ranking.

Security National Bank, New York, with 3.6% led the overall top 10 in the third quarter. It was followed by First Variable Life, 3.5%; First National Bank of Neenah, Wis., 3.4%; Huntington National Bank, Columbus, Ohio, 3.4%; First National, Jackson, Miss., 3.3%; Central Fidelity, Lynchburg, Va., 3.1%; Allied Bank of Texas, Houston, 2.9%; Ouachita National Bank, in Louisiana, 2.9%; Philadelphia National Bank, 2.8%; and Unibanctrust in Illinois, 2.8%.

Managers of the smallest funds can more readily shift their small portfolios, explained Edward Snyder, vice president at The National Bank of Detroit, a top performer among the large banks.

"It's very hard to swing a big fund around," he explained. Small managers, on the other hand, can "take [illegible]ense positions" and change them quickly.

More important, he pointed out, the statistics are widely dispersed. The median small bank probably has a better return than the median large bank, but the worst small banks underperform the worst large banks, he asserted.

Mr. Snyder attributes the Detroit bank's good third-quarter performance among large banks to its holdings of Government National Mortgage Association mortgage-backed securities.

"We held a very heavy concentration of Ginnie Maes and Ginnie Maes did well" after midyear, he said. The bank's pooled fund is about $300 million, and Ginnie Maes constitute some 40%. They are usually around 20% of the portfolio.

The bank started buying mortgage-backed securities at the end of 1982. "We thought Ginnies had taken a beating earlier," Mr. Snyder explained.

Fifth-ranked Harris also had "large commitments to mortgage-

Continued on page 80

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MARINE MIDLAND BANK, N.A.

*Source, A. G. Becker Funds Evaluation Service, June 30, 1983.

Equity fund returns slip . . .

Continued from page 13

to 27%. He added, "We will continue to liquidate stocks because the shaky and peculiar thesis that has been the basis of this bull market ceases to exist."

Return results for the year ended Sept. 30 put Manufacturer's Life Insurance Co., Toronto, in the lead, a position it also held for the three-, five- and 10-year periods ending last quarter. The one-year return for the firm's $6 million equity fund was 102.7%, far above the S&P 500's 44.5%. For the latest quarter, the firm lost its accustomed first-place position with a return of -8.1%, ranking it 247th.

According to Donavon McKerchar, investment manager, the reason behind the drop in quarter results was that "we stayed with some selected issues longer than we should have." The company will continue to emphasize a stock-by-stock approach while keeping only a few heavily cyclical issues, he said, "Because the economy won't be as robust."

Other top performing funds for the year ending Sept. 30 were First Variable Life Insurance Co. of Little Rock, Ark., at 89.3%; Merchants National Bank of Mobile, Ala., 72.4%; United Capital Management, the investment arm of United Bank of Denver, 68.7%; and in fifth place, Citizens Trust Co., Madison, Wis. The median fund for the same period scored a 39.5% return.

For the three-year period, First Variable Life's compound annual return of 31.7% and United of Denver's 29.6% remained as top performing funds. Wisconsin's Sentry Life and Sun Bank of Florida were next with compound annual returns of 27.9%. The S&P 500 return for the period was 15.6% and the median fund for the three-year period had a return of 16.3%.

Sharing the five-year performance limelight with Manufacturers Life of Ontario, which led with a compound annual return of 35%, were Employers Insurance of Wausau and Intrawest Bank of Denver, both with 27.1%, Bessemer Trust Co. with 26.7% and United of Denver with 24.4%. All outperformed the S&P 500 return of 16.2%. The median return for the period was 16.1%.

For the 10-year period ending Sept. 30, top performers behind Manufacturers Life, which was up 23.5%, were Philadelphia Life Insurance Co., 18.3%; Guardian Life Insurance Co. of America, 18.2%; Citizens Bank & Trust Co. of Chillicothe, Mo., 17.8%; and First Wisconsin National Bank of Madison, 17.4%. The median 10-year return was 8.7%, and the S&P 500 had a return of 9.6%.

Although none of the nation's largest commingled equity funds appeared among the top performers, Irving Trust Co. with its bottom-up approach to stock selection, showed returns of 2.3% for the quarter.

This return placed Irving Trust 25th and in the top quartile for the first time in a long while. Fred Obser, vice president and manager of portfolio management, said the bank's approach to individual stock selection, which seeks companies experiencing accelerated earnings and above average growth, was responsible for the fund's performance.

Among the strongest performing issues in the fund for the quarter, he listed **Gulf Oil Corp., Lockheed Corp., General Motors Corp., and Philip Morris Inc.** For the year ending Sept. 30, Irving Trust was in the top quartile as well, with a return of 50.1%. Some of the issues that contributed to that performance, were **Alcan Aluminum Ltd., American Cyanamid Co. and Libbey-Owens-Ford Co.,** Mr. Obser said.

As for the titans of the group — those with commingled equity funds of $100 million or more — the lineup for the year ending Sept. 30 was Provident National in first place with 58.8%; Fidelity Management, 58.6%; Mutual Benefit Life Insurance Co., 58%; Bankers Life, 56.6%; and in fifth place, Aetna Life & Casualty, with 52.8%.

According to Ralph Tate, vice president of portfolio management for Aetna, the issues that fueled the $250 million equity fund's successful performance during the quarter were in the commodities and transportation groups.

Although, he said, there was a very limited exposure to airline issues, one stock that performed essentially non-stop for the period was **Burlington Northern Inc.** ■

Fixed-income returns . . .

Continued from page 79

backed securities," which did "exceedingly well," said Willard Phillips, senior vice president.

"The paper we held did better than the mortgage market per se." Harris' mortgage-backed securities included those for construction projects on individual buildings and mortgage participation certificates on old, shorter-term mortgages that savings and loan associations liquidated last year, said Mr. Phillips.

"They were mispriced by the market."

A shortening of securities was the key to success in the third quarter, however. As evidence of this, Comerica's intermediate-term bond fund ranked first. One Comerica official explained, "Cash was king in the third quarter." The average maturity of bonds in the bank's $125 million bond fund was 2.9 years.

Although mortgage-backed securities bolstered Harris' return, the decision to shorten maturity was behind its good showing, explained Mr. Phillips.

In late July and August, the average maturity of bonds in Harris' $780 million fund was extended to 18 years from about 17 years, he said.

In September, Harris Bank shifted back slightly to about 17 years.

Irving Trust shortened its bond portfolio early this year, because it believed the Federal Reserve Bank would tighten the money supply because of the strengthening economy.

"It didn't help us very much in the second quarter, but in the third quarter it did," said Gary Yaylen, senior vice president and chief investment officer.

Although Irving Trust slightly increased its bond maturity in mid-August, the fund was shortest in July, which had "the brunt of the fall-off in bonds," Mr. Yaylen said. ■

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Pensions & Investment Age

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Termination freeze fails

By Joel Chernoff

WASHINGTON — During the closing days of Congress, Sen. Howard Metzenbaum, D-Ohio, was unsuccessful in attempting to place a nine-month freeze on terminations of pension plans that would yield the plan sponsors reversions of $1 million or more, but the attempt was unlikely to be the last.

Sen. Metzenbaum tried to attach his amendment barring government agencies from issuing approvals for such terminations onto other bills but was blocked.

Some observers believe the senator's involvement in the issue, along with efforts by the House Select Committee on Aging, signals a growing interest by Congress on the issue of corporate recovery of surplus pension assets.

"I think the reversion issue will be an extremely hot issue" next year, said Ed Davey, exec-

Continued on page 47

Two others may join Washington, Oregon

Funds add $200 million to buy-out

By Steve Hemmerick

SEATTLE — The Washington State Investment Board, and the Oregon Public Employees Retirement System have committed $100 million each in pension fund money to Kohlberg Kravis Roberts' newest leveraged buy-out fund, and at least one other major state fund and one major corporate fund are considering investments.

Leveraged buy-out funds, an increasingly popular but still uncommon form of investment, buy whole companies or subsidiaries, mostly with borrowed money.

Washington's commitment is 10 times the size of its previous one to a leveraged buy-out fund.

This fund, the fourth by Kohlberg Kravis, could range up to $1 billion in equity assets and is probably the largest buy-out fund so far. It could be fattened with a sizable commitment from the Michigan State Employees Retirement System, which is considering a commitment. Trustees of Warner-Lambert's $550 million fund have made no commitment yet, but Joseph Joshi, director of pension investments, said they are "looking at it."

Because leveraged buy-out funds borrow most of their money for purchases in addition to the fund's own equity assets, the actual purchasing power of the fund could be several billion dollars.

Washington's commitment is 10 times the size of its previous one to a leveraged buy-out fund

That could mean its equity investors will be limited partners in larger companies, and it will push pension funds further along in the direction of owning not only stocks, but companies themselves.

Oregon contributed $25 million to the previous Kohlberg Kravis fund while Washington committed $10 million and Michigan contributed $15 million.

Bill Unverzast, senior investment officer for the $3.5 billion Oregon system, said the system made the decision, in part, on the basis of satisfaction with the investment return from the previous fund.

William A. Amerman, director of investments for the Michigan fund, said he expects his fund will be a "reasonably large player" this time. Mr. Amerman said he invested in the leveraged buy-out fund because he is interested in "making money" for the Michigan state retirement fund. In Olympia, Wash., John Hitchman, chairman of the investment board, said the investment returns on the previous leveraged buy-out investment are "excess of market," although they are not "hard rate-of-return numbers." But he added, they are based on "conservative appraisals."

According to a spokesman for Kohlberg Kravis, the company's previous leveraged buy-out fund was about $320 million. While most leveraged buy-out funds borrow as much as 10 times the equity amount, Kohlberg Kravis claims its ratios aren't that high.

A leveraged buy-out involves the purchase of a company, subsidiary or division for cash as a long-term investment. Kohlberg Kravis uses the term "management acquisition," contending it is different from most competitors because the loans aren't secured with assets.

In addition to the equity money invested, the leverage of borrowed money is used to "hype" the return.

This year, Kohlberg Kravis has

Continued on page 46

Morgan Stanley to steer Central Teamsters fund

Firm may run all fund's equity assets, farm out remainder

By Pavan Sahgal

NEW YORK — Morgan Stanley Inc. is likely to manage by itself the entire $1.6 billion equities portfolio of its newly won Central States Teamsters pension account.

Morgan apparently will place the equity portfolio of the $4.7 billion Teamsters Central States, Southeast and Southwest Areas Pension Fund under the management of its subsidiary, Morgan Stanley Asset Management.

The move would be a significant reversal of the way large pension funds are managed. Typically, a large fund allocates the assets to several managers to gain a diversity of investment styles.

The fund's current asset mix is 10% real estate, 35% equities, 42% fixed income and 13% short term.

"The world is eclectic," said Barton M. Biggs, chairman of Morgan Stanley Asset Management, a wholly owned subsidiary. "There is never any one style of investment that is always right.

"We don't think that stocks are always the right place to be. Or that any particular kind of stock, small growth companies, quality growth companies, or low P/E stock, is best. Or that funds should always have a certain percentage of their assets in something like gold or real estate. You have to structure your asset mix to a changing world."

Generally, however, Morgan has tended to be a growth and value investor.

The Central States Fund is the largest multiemployer fund in the United States. It has 275,000 active participants in 40 states, 115,000 retirees and 12,500 contributing employers.

In its profiles of the top 200 funds Jan. 24, *Pensions & Investment Age* listed the Teamsters fund's equity managers as American National Bank and Trust Co. of Chicago, Alliance Capital Management Corp., BEA Associates Inc., Crocker Investment Management Corp., MacKay-Shields Financial Corp., Mercantile National Bank, Dallas and Oppenheimer Capital Corp.

Additionally, Equitable Life Assurance Society of the United States managed some bonds, equities and real estate, which also will come under Morgan's management.

"We are not going to make any decisions about the current managers until we view the matter thoroughly," said Mr. Biggs. "We will take awhile to review the present managers' performance."

Morgan was selected to manage the fund's assets, as the named fiduciary, under a 10-year contract announced Nov. 17, replacing Equitable, which had managed the assets since October 1977. The changeover will become effective in January.

That Morgan would manage the entire equities portion of the fund was the basis of its presentation to the Teamsters' trustees, sources said.

"We have to go through the courts and the Department of Labor to get their permission (to bring the equities under Morgan Stanley management)," said Mr. Biggs.

"It is our intention to file that kind of application just as soon as we can."

Equitable also had requested and received a waiver from the courts and Labor Department to run a portion of the equity holdings, but Morgan seeks to run all of it.

Mr. Biggs did not rule out changes in the fund's asset mix.

"All things being equal, we would probably increase (the equities portion)," he said. "But we have to look at the stock and bond portfolios. We don't really know yet."

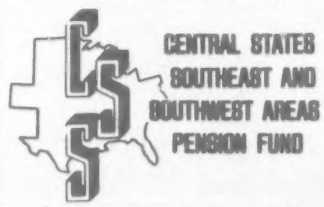
However, under the terms of a 1982 consent decree handed down by the U.S. District Court of Illinois, Teamsters assets under direct management of a named fiduciary may not exceed 25% of all assets under management. Morgan has $7

Continued on page 47

$4.7 billion fund sought fresh approach

By Linda Savage Ruhe

CHICAGO — The $4.7 billion Teamsters Central States pension fund hired Morgan Stanley Inc., New York, as named fiduciary be-



cause the broker-dealer offered a fresh approach to the management of assets and a staff that convinced the trustees it could deliver that approach, according to George Lehr, executive director of the fund.

As named fiduciary, Morgan Stanley has the authority to manage all of the assets itself or to hire, monitor and fire other investment managers if it so desires.

According to a Teamsters fund official, Morgan Stanley has shown interest in managing up to $2 billion of equities.

Morgan Stanley replaces Equitable Life Assurance Society of the United States. Equitable had been appointed interim fiduciary by the Department of Labor in the fall of 1977 after the forced resignation of the plan's trustees amid allegations of widespread corruption.

A consent decree reached between the Labor Department and the fund in September 1982 regarding those allegations required the fund to employ an outside fiduciary for the next 10 years.

Equitable managed some of the assets itself, but hired 12 other managers to share the chore including American National Bank and Trust, Alliance Capital Management and BEA Associates as equity managers; Massachusetts Financial Services and Mellon Bank for fixed income; and Victor Palmieri and Co. for real estate.

Morgan Stanley was selected from a slate of 13 prospective fidu

Continued on page 46

Late news

Thome resigns post

SACRAMENTO, Calif. — Michael Thome, chief executive officer for the $10 billion California State Teachers Retirement System, has resigned effective Dec. 30. Mr. Thome has been with the retirement system since 1968. No further details were available.

Simmons settlement

WASHINGTON — The Department of Labor has reached a proposed settlement with businessman Harold Simmons and his co-defendants in a suit over alleged misuse of $25 million in plan assets from nine pension and profit-sharing plans and trusts in corporate takeover attempts (*Pensions & Investment Age*, May 16 and 30).

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Research firm chosen as consultant

Western Teamsters hire SRI

By Steve Hemmerick

SEATTLE — Trustees of the $4 billion Western Conference Teamsters Pension Trust have authorized the hiring of the research firm SRI International as a trust consultant.

Fund officials said trustees were aware of the major pension consultants in the country, but wanted somebody else to do what was described as the trust's most comprehensive long-range planning study.

Joseph Edgar, trust co-chairman, said fellow trustees, in choosing a consultant, "looked around to find a disinterested party. We can't go to money management."

A trust spokesman added that a number of consultants are in "the performance measurement business," and a "lot of them have lines of business investment." Trustees, he said, wanted a firm "not really in the institutional investing business," and one that would do "long-range planning."

One Los Angeles senior vice president with an investment counseling firm told *Pensions & Investment Age*, "You can't tell me the consultants don't recommend themselves."

Yet, told of the Teamsters' decision to hire SRI, one major West Coast consultant said, "I didn't know SRI was in (the pension consulting) business."

A public relations spokeswoman for SRI, Debby Rose, said that until 1969 the firm was tied to Stanford University; it was called Stanford Research Institute before it became a separate, non-profit firm.

She said she didn't know what pension consulting SRI had done previously. SRI does have a financial analysis and long-range planning group, and had done financial planning work for world governments and major businesses.

While SRI's hiring has been authorized, financial contracts have not been finalized, according to Charles Storke, a partner with the San Francisco law firm Pillsbury, Madison & Sutro, which serves as general counsel to the trustees.

One of the things the Teamsters will be deciding is whether to divide a large amount of the trust assets among several money managers. Prudential Insurance Co. is now its major money manager.

Asked if it would hire a number of other money manager, Mr. Edgar said, "I don't know. That is why we are going to SRI."

But a spokesman for the Teamsters said the trust already has put on a performance horse race of a kind, directing Prudential, Aetna Life & Casualty Co., and Equitable Life Assurance Society of the United States to manage an equity common stock fund of $150 million. The test began in August 1982, and likely will end after a couple of years or a market cycle.

According to Mr. Edgar, it is not certain the Teamsters trust will make any significant changes. He said some of the trustees are happy with Prudential.

Exactly how the Teamsters trust assets are divided inside Prudential isn't clear. Mr. Edgar said he didn't have any figures handy, and Anthony Hovey, of Anthony F. Hovey & Associates, a Seattle-based planning consultant for the Teamsters, couldn't be reached for comment.

"What we want to do is take a look at what SRI recommends, and act on the recommendations," Mr. Edgar said. While the study will include much more than performance measurement work, a trust spokesman said some performance measurement will be involved to "see where the trust has been." ■

$101.4 million due fund deferred

By Steve Hemmerick

BERKELEY, Calif. — The state has deferred "to the last penny" its $101.4 million current-year contribution to the University of California retirement fund.

State politicians have promised the deferred contribution will be repaid by "amortizing," or paying it back to the fund during the next 30 years, according to Patricia Small, the university's associate treasurer.

California Gov. George Deukmejian and the Legislature, citing a legislative analyst's report, believed the university's actuarial assumptions were "overly conservative" and that the state needed the money more than the retirement system, which all sides agree is "pretty well" funded.

According to Lowell Paige, a retired professor who had been a lobbyist for the university system, the university regents "objected strongly" to the deferral. "But there was little the regents could do," he added.

Also, the interest earning assumption, the money the $4.5 billion retirement system will earn on its investment, has been increased to 8% from 7%. One apparent result is that the state contributions to the retirement system will be smaller, at least for the next few years.

Mr. Paige, assistant to the educational adviser to the governor, said the state contribution to the retirement fund in next year's budget is about $85 million, down from the deferred contribution of $101.4 million this year.

According to state officials, no lawsuit appears planned by university professors against the deferral. A lawsuit was filed by the California Teachers Association, however, when Gov. Deukmejian cut the projected $211 million contribution to the California State Teachers Retirement System to $1.

Meanwhile, the governor is projecting a $145 million state surplus for the current fiscal year ending in June. If the state had not projected a surplus of more than $100 million by January, a sales tax increase would have been triggered. The one-cent increase, continued until such a surplus is reached, would bring the sales tax to 7.5% in San Francisco and Los Angeles and 7% elsewhere.

The governor publicly has shunned any tax increases, and turned the earlier projected $1.5 billion state deficit into a projected $145 million surplus.

Although apparently not directly related to the deferred contribution to the university fund, the University of California at Berkeley has scheduled a conference on "Employee Rights in Public Sector Pension Plans." The conference, scheduled for January, is co-sponsored by the university's Institute of Industrial Relations, and the Public Employee Retirement System's Retirement Betterment Committee.

Continued on page 49

Late news

Continued from page 1

The settlement, which must be approved by a federal court in Illinois, also would resolve other litigation brought against Mr. Simmons by Jefferson Trust and Savings Bank of Peoria, trustee of the Keystone Master Deferred Incentive Trust.

The settlement limits equity and debt investments by the funds to low levels, both collectively and individually. Also, it names Torray, Clark and Co., Bethesda, Md., as independent fiduciary for the shares of Amalgamated Sugar Co. owned by the plans.

The nine funds include the Keystone pension and deferred incentive plans, the T.I.M.E.-DC Inc. pension plan, the Contran retirement and profit-sharing plans, the Amalgamated Sugar Co. trusts for hourly and non-bargaining employees, and Gibson Products of Shreveport Inc. profit-sharing plan and trust.

Search for consultant

EL CENTRO, Calif. — The $30 million Imperial County Employees Retirement Association is considering hiring a consultant for performance evaluation, and is scheduling interviews for that job, according to Barbara McFetridge, retirement officer.

She said the consultant, when hired, would review the performance of the retirement system's two managers, Hero Management, New York, and Security Pacific Investment Managers Inc., Los Angeles.

Security Pacific has the bulk of the retirement system's money as Hero was hired earlier this year and given a "small amount" of assets for equity management.

Templeton gets OK

WASHINGTON — The comptroller of the currency approved Templeton Investment Counsel Inc.'s application to become a limited power trust company, with authority to create pooled funds. Templeton manages more than $500 million in pension and other institutional accounts, according to Tom Hansberger, president.

Aerospace Corp. hires

EL SEGUNDO, Calif. — Aerospace Corp., with $252 million in employee benefit assets, has hired First Pacific Advisors, Los Angeles, as an equity manager. Although Thomas O'Connor, retirement fund manager, declined to confirm that First Pacific had been hired, he did say the fund no longer has Delphi Capital Management, Boston, as an equity manager. The existing equity manager is Quest Advisory Corp., New York, and bond managers are Rosenberg Capital Management and Robert C. Brown, both of San Francisco.

Hartford buys interest

HARTFORD, Conn. — The Hartford Insurance Group will purchase a 23% interest in Thomson McKinnon Inc. for a total of $75 million in newly issued stock, according to a Hartford Group spokesperson.

Until now, the New York City-based international brokerage firm has been employee-owned through the company's employee stock ownership plan.

Although Hartford said it has no plans to move for a controlling interest in Thomson McKinnon, the two companies have a long-term agreement that provides for the marketing of Hartford's life insurance coverages. Initially McKinnon will sell customers Hartford's universal life product, The Solution, which is paying about 11% presently, and its annuity products.

The sale will enhance Thomson McKinnon's capital to more than $210 million and it reportedly completes the Hartford Group's strategy of targeting distribution avenues with independently managed affiliates for the sale of its life insurance product.

Firm hires manager

BROADVIEW, Ill. — Continental Water Systems, a water purification company, hired Hahn Holland & Grossman, Chicago, to manage its $2.5 million pension fund, according to sources. The fund reportedly was run by a Milwaukee investment firm. The company did not return phone calls.

Painters fund adds 1

DORCHESTER, Mass. — Painters, District Council Local #35 hired Lazard Freres Asset Management, New York, to invest its pension fund, according to sources. The union fund was managed by Shawmut Bank of Boston. The bank reportedly was not retained. Fort Hill Investors Management Corp., Boston, was retained. The pension fund totaled $8.2 million as of June 1982, according to the Money Market Directory.

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$750 million Damson offering may be largest ever in oil, gas

NEW YORK — Damson Securities Corp. has unveiled what is believed to be the largest public offering of oil and gas investments for tax-exempt investors.

The Damson 1984-85 Institutional Oil and Gas Income Fund was registered with the Securities and Exchange Commission as a series of limited partnerships totaling up to $750 million and featuring production insurance, a new angle in tax-exempt offerings.

Graham Main, senior vice president of the institutional division, said the $750 million offering will operate almost identically to Damson's four previous institutional funds, except for the addition of the production insurance.

Production insurance, he said, "protects the downside risk of the investment" by insuring against substantial decreases in the rate of production and in prices when there is a reservoir deficiency.

He said Damson decided to use production insurance as a means of helping plan sponsors and other tax-exempt investors measure the risk of the investment. "In real estate, you can see the building you bought. When you buy production, you can't see it. This enables the plan sponsor to 'see' and 'touch' what he's bought," Mr. Main said.

Damson has done about $86 million in tax-exempt limited partnerships without the insurance.

Mr. Main said there is no marketing reason for using insurance now. "It was a question of the insurance industry ... determining there was a way to do it, the availability of an insurance company that would do it."

He said he believes this is the first time an income program has offered production insurance.

St. Paul's Surplus Lines Insurance Co. is the insuror. St. Paul's will be insuring the difference between the amount of the insurance

Continued on page 49

Cash Management

An industry on the rise: NCCMA 1983

By Richard J. Gillespie

ST. LOUIS — The cash management industry is on the rise. That's the impression a newcomer to cash management would have received from the fourth annual cash management conference in St. Louis earlier this month.

Although the fear had been expressed at previous conferences that cash management would not survive any protracted drop in interest rate levels, no waning of attention was in evidence in St. Louis, and the 12-month average yield on money market funds has dropped about 5% since November 1982.

Instead, conference attendees switched their attention generally from issues involving the maximization of the time value of money (float), to the issues of bank pricing and the cost of good cash management. To this end, conferees demonstrated curiosity in the use of electronic cash management networks, on ways to pare down bank costs and on the incorporation of new treasury workstations as tools to reduce cash management staffing costs.

Treasury workstations were the subject of considerable interest, and there were new product announcements from many major banks, including the two largest, Bank of America and Citibank.

At the same time, cash managers were blitzed with an array of product innovations in the exhibit hall; the cocktail parties and receptions seemed to go on until the early hours of the morning.

The mood of the conference might well-have been summed up by an announcement in the speech by J. David Barnes, chairman of Mellon Bank, that the Pittsburgh bank had budgeted more than $250 million for the development of cash management technology for this decade.

Not to be outdone, the Bank of America had announced at a special breakfast that it was awaiting word from California on whether it had won a bid to process transactions for the Cal-West Automated Clearing House, an electronic payments network operated among banks out West (see *Cash Notes).*

Another feature of the conference was the lack of hysteria surrounding the Federal Reserve Board's operations.

The Fed's panels at last year's conference

Continued on page 19

Largest industrials' cash holdings grew

NEW YORK — The largest 100 industrial corporations booked significant improvements in cash positions for the 12-month period ending June 30, an indication of the strength of the recovery.

With industrial production up 7.1% during the period, retail sales up 9.3% and wholesale prices up only 1.4%, the cash and short-term holdings of the nation's largest industrial corporations grew and grew.

By June 30, the cash kitties of the Fortune 100 corporations had swelled by 23.8% from figures shown 12 months previously. The total of all 100 companies stood at $57.5 billion, according to figures produced by Wright Investors Service of Bridgeport, Conn.

The top 50 corporations' cash positions grew 24% as a whole, while the bottom 50 experienced a 22% increase.

Where the top 10 companies raised their corporate cash positions by 29%, the bottom 10 had a moderately lower 7.8% increase from June 1982 numbers.

The corporate cash and short-term investment holdings of the 100 largest industrial corporations was up 3.1% from figures reported March 31.

The top 50 corporations showed a combined increase of 4.9%, and the bottom 50 companies experienced a decline of 2.8% during the second quarter.

The overall growth in cash holdings reflects the strength of the recovery, said Stephen Roach, senior economist at Morgan Stanley.

"These numbers are consistent with a period that has been one of the hottest periods of the rebound in earnings and liquidity in the corporate sector," Mr. Roach said. Third-quarter earnings and output results are also very good, he added.

"There has been a very rapid increase in volume being spread over a somewhat reduced, and in many

Continued on page 19

Changes in cash holdings of top 100 industrial corporations
(quarter ended 6/30/83)

Company	Cash & short-term investments ($ millions) 1982	1983	% change '83 vs.'82
10 largest cash positions among the Fortune 100 corporations			
General Motors	$5,413	$2,935	84.42
IBM	4,446	1,378	222.64
Exxon Corp.	3,448	2,912	18.41
General Electric	2,638	1,822	44.79
Standard Oil - Calif.	2,564	2,567	–0.12
Ford Motor	2,487	2,624	–5.22
Texaco	2,031	2,650	–23.36
Standard Oil - Ind.	1,928	878	119.59
Chrysler	1,571	1,090	44.14
Gulf Oil	1,424	1,239	14.93
10 largest increases in cash and short-term investments			
General Dynamics*	$243	$7	3,368.57
Greyhound	19	3	668.00
Signal Cos.	650	95	584.11
LTV	311	56	454.46
Caterpillar	154	38	305.26
Aluminum Co. of America	267	68	292.65
Sun Company	1,186	330	259.39
Int'l Business Machines	4,446	1,378	222.64
Union Pacific	406	139	192.09
McDonnell Douglas	195	76	156.18
10 largest decreases in cash and short-term investments			
Continental Group	$37	$50	–35.52
Union Carbide	156	249	–37.35
Mobil Corp.	1,328	2,163	–38.60
Int'l Paper	584	971	–39.89
Phillips Petroleum	723	1,337	–45.92
Coastal Corp.	105	223	–52.83
Xerox Corp.	220	504	–56.43
McDermott	95	264	–64.20
Lockheed Corp.**	32	92	–65.22
Standard Oil - Ohio	157	685	–77.08

Bendix (acquired by Allied Corp.), Western Electric (subsidiary of AT&T), Agway, and Land O' Lakes have been withdrawn from this list. Champion Intl., Archer Daniels, Heinz (H.J.), and Bristol-Meyers were substituted.

*Quarter ended 7/3/83.
**Quarter ended 6/26/83.

Compiled by Hari Kapadia of Wright Investors Service, Bridgeport, Conn.

The Fed is winning the war

Corporate stance is defensive in continuing battle over float

By Richard J. Gillespie

ST. LOUIS — The Federal Reserve Bank is winning the war against float, which means corporations are losing, according to Jeremiah J. Mahoney, manager of strategic planning and analysis at Xerox Corp.

Xerox alone kissed goodbye almost $25 million in float when the Fed opened a regional check processing center in Buffalo, N.Y., he told a gathering at the annual cash manager's conference in St. Louis.

But Xerox has now sidestepped the Fed's advances by switching to the electronic payments mode and renegotiating its trade payment terms to make up for the loss of float.

So as the Fed applies its screws to corporate and banking float, Xerox is one corporation that will not be squealing. It built its float advantage into its trade payment terms when it started the electronic program.

A number of other major U.S. corporations now are paying each other electronically in a pilot test organized by the National Automated Clearing House Association. The system permits invoice and supporting payment information to accompany the payment.

What makes the system attractive is that trade payment terms can be renegotiated when corporations join the program because electronic payments made through the automated clearinghouse offer immediate availability of funds.

Electronic money can be invested up to six days earlier by the payees, who also get significant administrative and processing cost reductions through the elimination of check handling and postage, as well as the reduction of invoice to payment reconciliation expenditures.

Although the idea of electronic corporate trade payments was scoffed at when it was first suggested, cash managers did not scoff at the National Corporate Cash Management Association conference.

The conference sessions on the corporate trade payment pilot held at the conference were well-attended — one indication that corporations now take the idea more seriously.

"If the Fed is winning the war, then you are going to lose the time value of money, and you might just as well get out and try and protect what you can immediately," said Mr. Mahoney. Renegotiating contract payment terms and joining the pilot test is one way out, he said.

Standard payment terms quoted for this type of payment are 2/14 net 34, he said. That means the payment is due within 34 days, but there is a 2% deduction if it arrives within two weeks.

The pilot test itself, due to be completed Dec. 31, is now ready to go forward into an "operational phase," said Glenn Briggs, chairman of the NACHA steering committee.

Most encouraging for the advo-

Continued on page 20

Company cash . . .

Continued from page 17

cases sharply reduced, fixed costs," he said.

"The interesting thing that these numbers tell me is that a lot of improvement, with the exception of IBM, has been coming in the beleaguered smokestack industries (metals, autos and heavy machinery) that have experienced very sizable cyclical growth in output."

The increase in manufacturing output in the first 10 months of the expansion was about 20% faster than in earlier expansions, he said.

Among highlights for the quarter, several aerospace manufacturers (and their suppliers), and two of the three auto giants, continued to book vast amounts of cash. Among the aerospace companies:

• **General Dynamics Corp.** At the end of the first half, it held $243 million vs. only $7 million a year previous.

• **Signal Cos.** It listed $650 million this year and just $95 million in 1982.

• **LTV Corp.** $311 million at the end of the first half versus only $56 million at June 30, 1982.

• **McDonnell Douglas Corp.** held cash of $195 million compared with $76 million in 1982.

• **Lockheed Corp.'s** position was down 65% to $32 million. A spokesman said the company had taken in major cash receipts, particularly on government contracts, but used the cash to pay down borrowings.

The spokesman added that because of the volatile nature of cash flows in the aerospace industry, end-of-quarter cash positions could be very misleading. A single government payment "the following day," he said, could change the whole story.

Among the auto makers:

• **General Motors Corp.** had more cash than any other non-financial corporation in America, $5.4 billion, considerably more than the $2.9 billion booked in 1982.

• **Chrysler Corp.** had a portfolio valued at $1.57 billion on June 30, up from $1.09 billion last year. The automaker paid the U.S. government $400 million last June, and another $800 million in August. Its portfolio stood at about $500 million in mid-November, according to a spokesperson.

Other big gainers:

• **Greyhound Corp.** gained to $19 million from $3 million in June 1982.

• **Caterpillar Tractor,** up to $154 million from $38 million the same time last year as a result of tax refund in early April, and continued inventory sell-off.

Also booking large gains, **IBM Corp.** held $4.45 billion, the second largest cash position among U.S. non-financial corporations and a 223% increase on the year.

According to a spokeswoman, IBM's increase reflects "a great year."

Figures to the end of the third quarter, she said, were even better. For the first nine months of 1983, IBM had sales of $14.0 billion compared with $10.16 billion for the 1982 period.

Elsewhere, the oil companies seemed to be losing their cash fastest. **Standard Oil Co. (Ohio)** saw the biggest decline for the 12 months, with a 77% drop to $157 million from $685 million in 1982.

Industry rising . . .

Continued from page 17

were heavily attended, even tense affairs.

By contrast, the "Federal Reserve — The Future with Question Session" held on the final day of the conference in St. Louis turned out to remarkably routine.

At this session, Elliott McEntee, an associate director with the bank operations division of the Federal Reserve, said the bank originally had estimated $2 billion would clear faster with the implemention of the noon presentment program and that it had been "right on target."

According to Mr. McEntee those correspondent bankers who warned that noon presentment would bring a "massive shift" in check clearing volume to the Fed, were proved wrong because "the actual share of checks processed by the Fed continues to decline," he said.

Attendees also heard, although elsewhere, that at least six banks had introduced fractional availability for their corporate clients. With fractional availability, a proportion of credit on checks is deferred by one additional day.

Most banks preferred to use fixed availability.

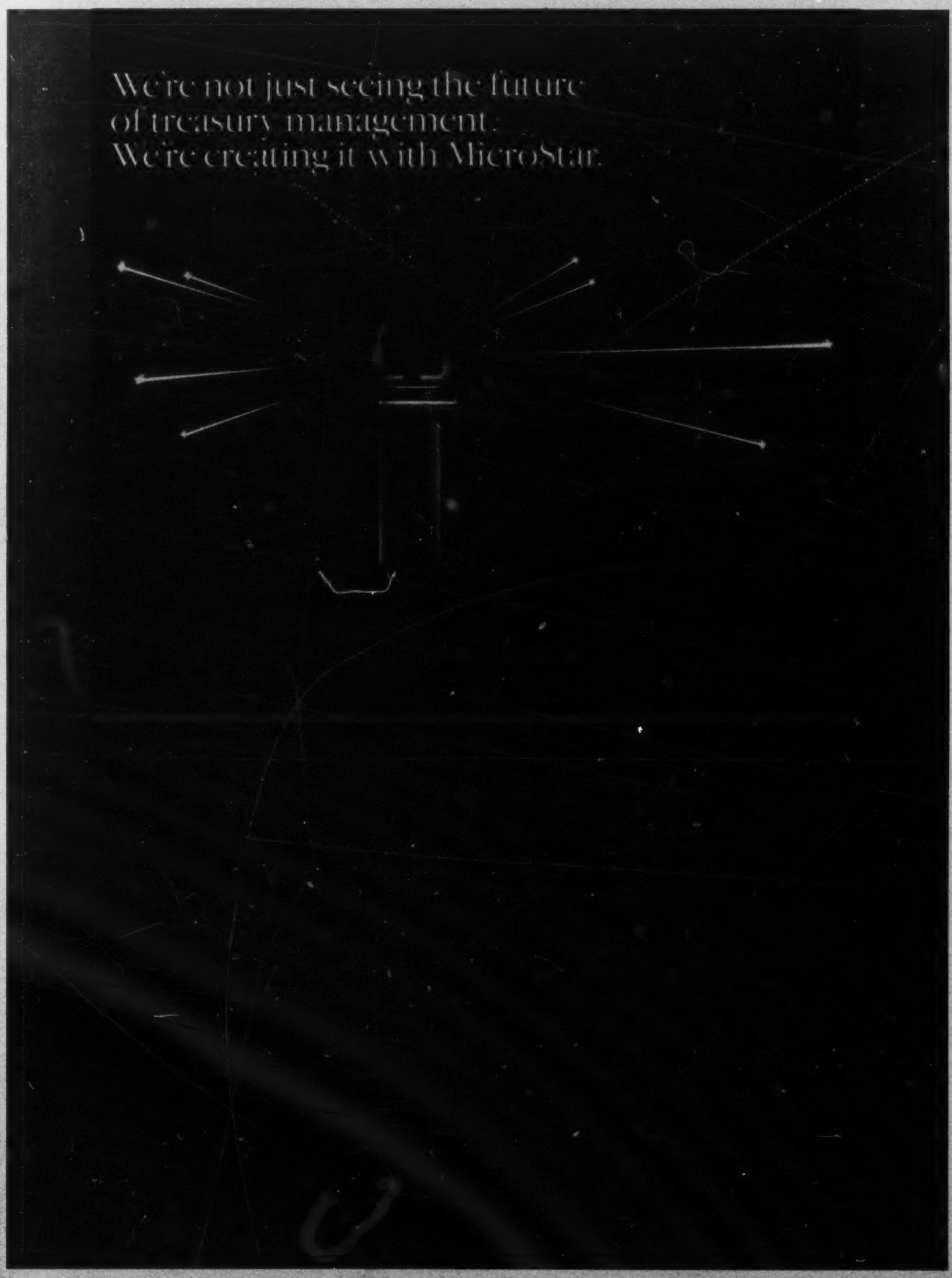
Last Aug. 1, fractional availability was introduced to cover the Fed's interterritory float.

Elsewhere, Randolph Coleman, a senior vice president at the Federal Reserve Bank of Cleveland, said the cost of wire transfers would be "revised upward" in 1984, and added it "would involve more than just transaction fee increases." There also will be new software for FedWire users, and the possibility of using encryption devices to enhance network security is being investigated.

The Fed's progress is marked by the level of float it carries in its check clearing operations. This is now down to a daily average of about $900 million, from $2 billion last February, according to Mr. McEntee.

The mood of the conference was perhaps struck upon by Mr. McIntosh when he told cash managers on the first night: "If you are devoting your energies entirely to the day-to-day mechanisms of cash management, and neglecting to plan for a radical change in the future environment, you may find yourselves quite unprepared to function effectively in a very different world indeed.

"Old practices just won't be possible in the future, nor should they be," he said. ■



Corporate Finance

Weyerhaeuser Capital debt issue used delayed rate-fixing option

New pricing mechanism locks in spreads

By Pavan Sahgal

NEW YORK — An innovative pricing mechanism used by Morgan Stanley & Co. in a $60 million Eurodollar debt issue for Weyerhaeuser Capital Corp. enables the issuer to lock in favorable spreads relative to U.S. Treasuries and also harvest gains if Treasury rates decline in the next seven months.

The new corporate financing technique, called delayed rate-fixing option, hedges borrowings without inflating corporate balance sheets, which would be the case if firms tried to hedge their own deals by investing in Treasuries.

Although the Weyerhaeuser transaction is the first such deal done by an investment bank, Citicorp and Morgan Guaranty Trust Co. privately structured a similar deal in May.

The new corporate financing technique hedges borrowings without inflating corporate balance sheets

More investment banks are likely to copy the technique, especially because many corporations have been holding back from issuing long-term debt this year despite attractive spreads over Treasuries.

The financing strategy is of special relevance to corporate financial officers who need the funds but have been opting for short-term financing in the strong belief that long-term interest rates will improve.

"Proceeds from the transaction, which we handled for our subsidiary, Weyerhaeuser Real Estate Corp., are being used to pay down short-term debt," said William C. Stivers, treasurer at Weyerhaeuser.

When issuers decide to go to market, they consider corporate spreads relative to Treasuries and the absolute Treasury level in making their financing judgments.

"What we've really done is separate the financing decision into the two components, allowing clients to complete an issue, but providing a mechanism whereby they can participate in any further improvement in Treasury level," said Paul J. Mazzilli, product manager for futures and hedging at Morgan Stanley.

The Weyerhaeuser issue, offered in London Oct. 28, raised $60 million via seven-year, 11.5% coupon Eurobonds. The bonds also had four-year warrants that paid $20 per warrant to the issuer.

The warrants give investors the right to purchase additional bonds, of 1990 maturity and 11% coupon, during the next four years.

Weyerhaeuser saved an estimated 35 basis points vs. the Treasury yield curve in the Eurodollar offering. There might be additional savings if Treasury rates decline.

If the warrants are not exercised, Weyerhaeuser's borrowing costs would be even lower.

Here's how the transaction works:

A corporation completes a so-called host transaction, which may be any issue, for any product, in any capital market that gets the issuer the best interest rate. The financing could be a Eurobond issue, a dual-currency transaction, or even a deal using interest-rate swaps.

The host issue locks in a rate the issuer will pay investors.

Next, the investment banker and the issuer sign a private-package hedging agreement, totally separate from the financing.

In the Weyerhaeuser deal, Morgan Stanley guaranteed the issuer a predetermined spread through seven-year Treasuries.

Under the contract, if rates decline in the next seven months — as Weyerhaeuser expects — it has the option of choosing a date on which Morgan will make a lump-sum payment to Weyerhaeuser based on the interest rate at the time, lowering the overall borrowing costs.

If rates increase, however, Weyerhaeuser will have to pay Morgan.

If the balance swings in the issuing corporation's favor, as it presumably anticipates, a 50-basis point change in Treasury rates could be worth as much as $1.5 million to the firm. Because the relationship is not totally linear, a 100-basis point move could be worth more than $3 million.

"It's a very efficient mechanism for establishing the economics of the transaction at a later date," said Mr. Stivers. "It allows you to pin down the financing when you want to."

Weyerhaeuser has the option to fix rates in increments of $10 million or more, giving the firm the opportunity to pick six dates during the next seven months in its rate bet.

"The volatility that we have in the market gives them a lot of flexibility," said Mr. Mazzilli. "They can pick the exact time. Even if we have a rally in the market from 10 o'clock to 12 o'clock and the bond market loses 20 basis points, they can call up and fix the rate.

"It provides us an innovative way to provide the client some flexibility, while we have ways of hedging this on our balance sheets so we can eliminate most of the risk."

Although corporations could hedge borrowings on their own, the ins and outs of hedging are esoteric to many. Moreover, signing private hedging agreements with investment banks keeps the transaction

Continued on page 34

Shelf registration use restricted

WASHINGTON — The Securities and Exchange Commission has restricted the use of shelf registration to corporations that have a widespread market following and where procedures may be adopted for continuous due diligence scrutiny of the firms to ensure the protection of investors.

Future users are likely to be U.S. companies with more than $150 million in stock outstanding.

Of the shelf registration filings between March 1982 and September 1983, 55% were so the companies could contribute the stock to employee benefit plans and dividend or interest reinvestment plans, according to the SEC. These filings represented 26% of the $181 billion the companies sought to raise by shelf registered securities during the period.

Firms where due diligence concerns need to be addressed will not be allowed to use shelf registration, the SEC said in a final report dated Nov. 17.

Final modifications on Rule 415 limit its availability to offerings where benefits of shelf registration are most significant and where the securities qualify to be registered on Form S-3 or F-3.

Forms S-3 and F-3 provide short-form registration for a variety of transactions, including primary offerings of investment-grade debt and non-convertible preferred securities, and primary offerings where the registrant meets certain float requirements to ensure widespread market following.

Rule 415, a controversial two-year experiment, allowed qualifying corporations to preregister debt and equity securities and issue them "off the shelf" at favorable times for two years.

The rule was made permanent in a four-to-one vote Nov. 10 and will be effective in its final form Dec. 31.

The dissenting vote was cast by Barbara S. Thomas, who feared the shelf registration

Continued on page 34

Mergers, acquisitions number 677 in third quarter; near record

Announcements were up 18% from the same quarter 1982

CHICAGO — Mergers and acquisitions announcements in the third quarter of 1983 came close to a seven-year record for any quarter, reports W.T. Grimm & Co., merger consultant and publisher of the Mergerstat Review, a merger data bank.

According to Willard T. Grimm, chairman, the acquisition of privately held companies — up 24% from the second quarter — and divestitures — up 12% — boosted mergers and acquisitions activity.

There were 677 merger and acquisition announcements in third-quarter 1983 vs. the 1976 second-quarter record of 713. The 1983 statistic represents an 18% increase from the 574 announcements in the third quarter of 1982.

The nine-month total for 1983 was 1,812, up only 2% from 1982.

Continued on page 36

	1st qtr.	2nd qtr.	3rd qtr.	nine months	
	1983			1983	1982
Divestitures	194	236	264	694	654
Acquisition of publicly traded companies	39	51	40	130	140
Acquisition of privately held companies	289	282	350	921	934
Acquisition of foreign sellers	18	26	23	67	44
Totals	540	595	677	1,812	1,772

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Acquisition, mergers . . .

The year's five largest completed or pending mergers and acquisitions transactions as of Sept. 22, 1983.

- The $5.1 billion merger between Santa Fe Industries Inc. (*Salomon Brothers*) and Southern Pacific Co. (*Morgan Stanley*);
- The $2.4 billion divestiture of Utah International Inc. by General Electric Co. (*Morgan Stanley*) to Broken Hill Proprietary Co. of Australia (*First Boston*);
- RCA Corporation's (*Lehman Bros., Lazard Freres*) divestiture of C.I.T. Financial Corp. to Manufacturers Hanover Corp. (*Goldman, Sachs*) for $1.5 billion;
- The acquisition of Natomas Co. (*Salomon Brothers, Lazard Freres*) by Diamond Shamrock Corp. (*Kidder Peabody*) for $1.4 billion in stock;
- The $1.2 billion merger between Mercantile Texas Corp. (*First Boston*) and Southwest Bancshares Inc. (*Goldman, Sachs*).

Sources: W.T. Grimm & Co. and The First Boston Corporation.

Continued from page 33

The acquisition of 350 privately held firms accounted for 52% of all activity in the third quarter of 1983.

Mr. Grimm said a stronger economy and higher stock prices permitted buyers to make more attractive offers to sellers.

The average price-earnings ratio for acquisitions in the first nine months rose from 14 in the 1982 period to 16.9 in 1983.

During the same periods, a surging stock market contributed to a drop in the premium paid over market, from 50.3% in 1982 to 37% in 1983.

"There were 264 divestitures in the 1983 third quarter, or 39% of all activity in that period," said Tomislava Simic, director of research. "Divestitures with price tags of $100 million or more grew from seven in the first nine months of 1978 to 37 in the comparable 1983 period. A number of companies divested large businesses acquired only a few years ago."

She cited General Electric Co.'s sale of Utah International for $2.4 billion to Broken Hill Proprietary Co. of Australia, and RCA Corp.'s $1.5 billion divestiture of C.I.T. Financial Corp. to Manufacturers Hanover Corp., as examples.

More divestitures are taking the form of leveraged buy-outs, in which management of an operating division becomes the equity holder, Ms. Simic said. Of the 694 divestitures in the first nine months of 1983, 104 or 15% were management buy-outs vs. 49 or 6% in all of 1978.

Megadeals — transactions valued at $100 million or more — rose from 88 a year ago to 95 in the first nine months of 1983. Big deals dominated the financial services and natural resources industries, with total dollar values of $14.3 billion and $12.3 billion, respectively.

The total dollars paid for all transactions where the purchase price was known in the first nine months of 1983 increased 26%, to $53.3 billion from $42.3 billion in the comparable period last year.

Stock, the dominant form of payment in the first half of 1983, was replaced by combination payments in the third quarter. The combinations included cash, stock and debt in 35% of the deals whose terms were known in the nine-month period.

Deterred by a strong dollar, foreign buyers acquired only 89 American companies in the first nine months of 1983 vs. 121 in 1982. ■

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1977–1982 (six years)	+16.4%	+10.3%	+9.2%
1980–1982 (three years)	+23.9%	+15.2%	+8.7%

BEAR MARKET YEARS	First Wisconsin Special Equity Fund	Standard & Poor's 500	Difference %
1974 performance	(9.4%)	(26.5%)	+17.1%
1977 performance	+0.2%	(7.3%)	+ 7.5%
1981 performance	+8.4%	(4.9%)	+13.3%

3 HIGH-QUALITY CHARACTERISTICS*

Quality Characteristics* (As of December 31, 1982)	First Wisconsin Special Equity Fund	Standard & Poor's 500
5-year earnings/share growth	16.5% per annum	11.1% per annum
5-year dividend/share growth	16.1% per annum	13.3% per annum
Average return on equity — 5 years	16.5%	16.0%
Theoretical reinvestment rate	15.6%	10.4%
Debt to capital ratio	34.7%	34.2%

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*As measured by Value Line Corporation.

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New CEOs are technicians

NEW YORK — Newly appointed chief executive officers at some of the largest companies in America come from technical backgrounds vs. finance backgrounds five years ago, according to Management Practice Consulting Partners, a management consultancy.

A "startling" 25.4% of newly appointed chief executive officers rose from technical backgrounds in 1982 compared with only 12.1% of the sample in 1978.

The number of newly named officers with financial backgrounds declined from 23.3% of the sample in 1978 to 13.4% in 1982, according to the firm's "Route to the Top" survey of the career backgrounds of chief executive officers of 511 of the largest companies in the United States. The annual survey helps identify which managerial specialties corporations are drawing upon to meet challenges. Career backgrounds give clues to the mood and direction of business.

"This year's pattern of CEO backgrounds shows that the big companies, those that set much of the style for U.S. business, have moved beyond the criticism they've drawn in the past from academia and the press," noted a report in Management Practice, a publication of the firm.

"Stunned by the success of the Japanese, and dismayed by the lack of productivity and innovation on the U.S. scene, these critics kept pointing out the dominance of short-term financial calculations in managerial decision-making, and to the preponderance of corporate leaders with financial backgrounds."

The emphasis on financial backgrounds was traced to the recession of 1974-'75, and corporate endeavors to improve liquidity and balance-sheet quality. That corporations are looking for a different leadership also suggests these financial problems are diminishing.

The emphasis on a technically minded leadership indicates firms perceive that a major element of their future success depends on having a technical advantage in a globally competitive environment.

Historically, engineers and technicians have formed the backbone of U.S. management — people with "hands-on, nitty-gritty business experience on factory floors, or ringing customer's doorbells," the report noted. "Despite the fact that companies as different as DuPont, 3M, Motorola, and Procter & Gamble have long trained their leaders through hands-on experience, this accusation was quite true back in the late '70s, when fully 20.5% of CEOs in our sample came from administration," the report added. ■

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Female managers stand by their records

By Ivy Schmerken

NEW YORK — A small number of women have started money management firms in the past three years and found the male-dominated pension industry does not care about their sex, only about their investment record.

"Thank God the investment industry is a meritocracy and Attila the Hun is paid well if he does a good job," said Adele S. Weisman, a partner and senior vice president of Roanoke Asset Management, New York, which has more than $200 million under management.

Ms. Weisman, a former treasurer of GAF Corp., is one of about 10 women who have started their own firms, or have moved into the top spots in existing firms in the past three years.

The number of women starting their own investment firms is small. One indicator is that of 106 independent investment counseling firms listed as members of the Investment Counsel Association of America, not one is headed by a woman.

But those who have started their own firms expect many more women, as they gain experience running money in corporations and in financial institutions, to join them.

Among the women who have made the break are:

• Madeline Einhorn Glick, founder of MEG Asset Management, New York, which has close to $200 million under management;

• Joan Payden and Sandra Rygel of Payden & Rygel, Los Angeles, which specializes in managing corporate short-term assets and has $500 million under management;

• Susan Byrne, president of Westwood Management, New York;

• Katherine Magrath, founder and president of Value Quest Ltd., Boston. Ms. Magrath left the Ford Foundation as director of equity investments and was joined by her husband, Terrence Magrath, and two other partners. Ms. Magrath deliberately structured an equal partnership: each person owns 25%.

• Laura Sloate, a co-founder of Sloate, Weisman-Murray, a Wall Street research firm that manages close to $100 million in equities;

• Madelon DeVoe Talley, formerly chief investment officer of the New York State Common Fund, who joined Rothschild Asset Management as president and chief investment officer. Rothschild manages about $500 million in tax-exempt and taxable assets.

• Maryann N. Keller, a leading auto industry analyst who left Mitchell Hutchins to become a partner in Vilas Fischer, New York, which manages $700 million.

The difficulties faced by women in starting their own money man-

Continued on page 61

Pensions & Investment Age®

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Meidinger, Mercer pact

By Linda Savage Ruhe

CHICAGO — Two top actuarial and employee benefit consulting firms — William M. Mercer Inc. of New York and Meidinger Inc. of Louisville — are planning to merge.

The two companies signed a letter of intent Dec. 1 to merge, probably next year.

The announcement came shortly after Meidinger broke off discussions of a merger with Touche Ross & Co. of New York.

Meidinger is a privately held company owned by 148 employees. Mercer is owned by Marsh & McLennan Cos. Inc., a financial services company traded on the New York Stock Exchange.

There are 35.5 million shares of Marsh & McLennan stock outstanding. The price of the stock this year has ranged from 36¾ to 48¾, with a current price around 47.

Both Mercer and Meidinger offer actuarial and benefit consulting services. Mercer's annual revenues are roughly four times those of Meidinger's.

Neither company would comment specifically on the negotiations regarding the planned stock swap.

George Faunce, managing director-administration of the consulting and financial services group of Marsh & McLennan, said he expects the merger plans to be worked out sometime in January and the stock swap to come sometime after that. He would not speculate on how the merger would affect the current offices and divisions in each company.

He said that whatever deal is worked out will require the ap-

Continued on page 64

IRS, Treasury act to curb abuses

Termination restrictions seen

By Joel Chernoff

WASHINGTON — The Treasury Department and the IRS will restrict terminations of overfunded pension plans involving spinoff/terminations and plans replaced with new defined benefit ones, government sources said.

In a spinoff/termination, a sponsor splits the pension plan into two plans — one for retirees and one for active employees. The excess assets are in the retirees' plan, which then is terminated. Excess assets revert to the company.

The move by the two government agencies represents a major step toward curbing an increasing number of actions that some have interpreted as abuses of the tax law.

Numerous employers have sought to terminate their pension plans to recapture surplus assets. The funds have grown tremendously during the bull markets, and high interest rates have pushed down the prices of buying annuities for participants in the terminated plans.

The government likely will allow some of the terminations, sources say. The Internal Revenue Service probably will propose rules establishing which actions are legal.

The policy decision might hang up a number of applications for terminations that are in the works. However, it probably will not affect cases where approval already has been issued.

A number of spinoff/terminations are pending, and have been held up by a moratorium at the Pension Benefit Guaranty Corp.

AMAX Inc. is seeking more than $100 million from the spinoff/termination of its plan for salaried employees, although it claims its funding of the surviving plan is more liberal (*see story on page 22*); Celanese Corp. hopes to recover $300 million from terminating its $700 million plan; and Butler Manufacturing Co. seeks to recapture $12 million from its $25 million plan.

Companies seeking to replace their existing defined benefit plans with similar retirement vehicles include Reynolds Metals Co., which proposes terminating its $480 million plan for salaried employees. Reynolds hopes to recover $130 million in assets.

One attorney expressed concern that the government policy will have "a substantially adverse impact" on funding of current defined benefit plans and adoption of new ones.

"This is just another element that would deter employers from adopting defined benefit plans," he said.

Government officials said they would try to avoid these problems in writing the rules.

Many other pending terminations involve substitution of the defined benefit plan with one or more defined contribution plans, such as profit-sharing plans and employee stock ownership plans. The government's action will not affect these.

Falling into this category, for example, are Occidental Petroleum Corp.'s pending termination of four plans, involving a reversion of about $400 million; Humana Corp.'s projected $40 million recapture from its $100 million plan; Mattel Inc.'s $12 million recovery from its $25 million plan; and AM International's pending recovery of $50 million from its $145 million plan.

Some lawmakers concerned about the general trend of terminations involving reversion of plan assets to employers might not be satisfied that the agencies are planning to stop only certain kinds of termination/reversions. Increasingly, key congressmen have been talking of legislative limits on all reversions.

Continued on page 64

Did funds cap oil firm's move?

By Steve Hemmerick and Kimberly Blanton

HOUSTON — Superior Oil Co. directors won't say whether they rescinded a recently approved anti-takeover measure in response to pressure from institutional shareholders, but it is clear some of the institutions were suspicious of the measure while others plainly didn't like it.

Institutions, including pension funds and brokerage firms, hold as much as 50% of Superior common stock.

On Dec. 5, Superior's board of directors announced it rescinded a convertible stock issue designed to make the company more expensive to acquire. Before then, the board and management stressed to shareholders that they approved of the issue solely as a way to help shareholders, not management.

But some institutional holders of Superior stock, while keeping an open mind, said that before the rescission they weren't yet convinced management didn't have its own interests at heart.

Walter M. Cabot, president of Harvard Management Corp., said he hadn't focused on the Superior Oil matter. But in general, he said, anti-takeover moves have been the road by which managements have "solidified their positions." He said he is against measures that "infringe on shareholders' flexibility or their rights."

A similar comment was made by Philip G. Popkin, assistant investment officer for Teachers Insurance & Annuity Association — College Retirement Equity Fund in New York. Generally, he said, "I think CREF, other institutions and the public would be against any type of move that would make it difficult to negotiate some sort of sale." He added managements know that "one company being sold to another company sometimes means management's job."

Continued on page 62

Late news

Michigan ups equities

LANSING, Mich. — John Fonger, manager of the $650 million Michigan Municipal Employees Retirement System confirmed the hiring of two equity managers for $15 million each: Thorndike, Doran, Paine & Lewis, Boston, and Eaton & Howard, Vance Sanders Inc., New York.

Also, an existing fixed-income manager, Capital Supervisors Inc., Chicago, was given discretion to invest in equities with up to $15 million of the $150 million it manages.

Hemphill appointed

DALLAS — Hilton Hemphill, formerly senior vice president of Bank of the Southwest in Houston,

Continued on page 2

BEST COPY AVAILABLE

FBI complaint made public

Chilton wanted in bribery

By Steve Hemmerick

SACRAMENTO, Calif. — The FBI wants to arrest the former chairman of the California State Teachers Retirement System, Gilbert W. Chilton, on a bribery charge.

Authorities would not deny reports that some interest on a $50 million loan for an oil investment in TXPACCO Inc. Mr. Chilton arranged for the system might go unpaid.

According to the FBI spokesman, the complaint alleges Mr. Chilton "authorized transfer of $2 million to TXPACCO. A portion of that money was later paid as a bribe to defendant Chilton by an official of TXPACCO."

The possibility of interest nonpayment has some retirement system board members worried because some teachers have threatened to sue the board members to make up any loss to the system, an investment officer said.

Making matters worse, Charles Francis Raymond, the head of TXPACCO, suffered a heart attack and died while playing tennis. Mr. Raymond earlier had been convicted on a securities swindling charge.

The FBI issued a complaint against Mr. Chilton, a former Fresno, Calif., savings and loan official, July 5, but kept it secret.

Previously, authorities said they were only looking for Mr. Chilton (*Pensions & Investment Age*, July 25).

Now, the FBI says it can't find Mr. Chilton and wants help from the public in locating him.

He is believed to be in the company of Cheryl Ann Ciccarelli. The FBI warned Mr. Chilton should be "considered armed and dangerous." An FBI spokesman said Mr. Chilton has a permit to carry a weapon and he is believed to own numerous handguns.

One source told the FBI Mr. Chilton was seen in the Caribbean.

Another source said it is true that money lent from the retirement

Continued on page 62

Chilton: Investigation has begun

DOL settlement contested

By Kimberly Blanton

PEORIA, Ill. — The Department of Labor's proposed settlement with Harold Simmons is being contested in court by other parties taking legal steps against him.

If approved, the settlement would resolve a suit the department brought against Mr. Simmons charging he misused the pension plan assets of companies he controls to buy still more companies.

But companies and union members that also are suing Mr. Simmons believe the agreement sets a bad precedent of leniency. By objecting to the agreement, they effectively are trying to stop it.

The case of Mr. Simmons, the Texas businessman and member of Forbes magazine's exclusive club of the 400 wealthiest individuals, has attracted attention far greater than the relatively small amount of pension assets — $25 million — involved.

"The department has negotiated what it perceives is a good settlement, and there are stiff limitations built into the settlement" to deter Mr. Simmons from similar purchases of stock with plan assets, asserted Gloria Della, Labor Department spokeswoman.

The agreement bars investments by plans for which Mr. Simmons is trustee in companies in which he or associates already hold more than 2% of the stock outstanding. It also bars plan investments in a company in which a plan already holds 5%.

Combined investments by Mr. Simmons' plans cannot exceed 12% of one company's outstanding stock.

Jefferson Trust and Savings Bank, Peoria, filed an objection to the settlement in U.S. District Court here. The bank contends the settlement is a "sanction" on future company acquisitions with plan assets.

The primary complaint by the bank and other involved parties is that Mr. Simmons was not removed as fiduciary of all plans of companies he controls.

Jefferson Trust is trustee for the deferred incentive plan of Keystone Consolidated Industries, which holds stock in Amalgamated Sugar Co. Mr. Simmons has controlling interests in both companies.

"The government's giveaway settlement wholly neglects the right of the plans' participants and beneficiaries to have investment decisions made solely on their behalf," Jefferson Trust's objection states.

The bank's and the Labor Department's suits, which were virtually identical, were heard together. Jefferson Trust was not, however, involved in negotiating the settlement, which is subject to approval by District Judge Michael Mihm.

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Late news

Continued from page 1

has been named president of Mercantile Securities Corp., its third president in as many months.

Mr. Hemphill replaces Walter Adams, who resigned last month after two of his key investment staffers announced their resignations (*Pensions & Investment Age*, Nov. 28). Mr. Adams became president after John McStay resigned unexpectedly in September.

In addition to losing key personnel, Mercantile lost a major account — the Pennsylvania State Employees Retirement System.

Mr. Hemphill was a logical choice for the post because Bank of the Southwest's parent company — Southwest Bancshares — is merging with Mercantile Securities' parent — Mercantile Texas Corp. The investment management operations are expected to merge as well.

Mr. Hemphill was senior investment officer at Bank of the Southwest for four years. Previously, he was vice president and director of research for U.S. Trust Co.

Four leave Becker

NEW YORK — Four more account executives resigned from SEI-Funds Evaluation following the integration of A.G. Becker's performance measurement service with the diversified financial services company.

Resignations since mid-November are: Chadman Roe, a New York-based consultant to corporate pension funds; Ed George, a consultant to corporate pension funds in Philadelphia who covered all of Pennsylvania; Ross McAdam, a representative to institutional money managers in Los Angeles, who reportedly joined a small California investment firm; Bill Weldon, a representative to corporate and Taft-Hartley funds in Boston.

Mr. Weldon, who was the only Becker consultant in Boston, reportedly was considering an offer from a rival pension investment consulting firm.

Three sales representatives and a senior vice president resigned previously (*Pensions & Investment Age*, Nov. 28).

Dr Pepper acquisition

NEW YORK — Castle & Cooke Inc., a food, real estate, and manufacturing conglomerate in Honolulu, has made a $560 million 11th-hour offer to acquire Dr Pepper, just as Forstmann Little & Co., a Wall Street investment firm, signed an agreement to take over the firm for $512.5 million.

The Castle & Cooke bid would put an extra $2 per share into the selling shareholders' pockets. Forstmann was in the process of buying the firm for $22 per share. It raised the money, in part, from pension funds (*Pensions & Investment Age*, Nov. 28).

Castle & Cooke reportedly has raised the funds from six unnamed banks, and set up an investment group called DPCC Acquisition Corp. The letters DPCC stand for Dr Pepper, Castle & Cooke. Its offer expires Dec. 12.

Branch files with SEC

NEW YORK — Branch Industries Inc., parent of Branch Motor Express Co., filed a registration statement with the Securities and Exchange Commission in order to issue 1.88 million shares of its common stock to employees through an employee stock ownership plan.

The plan is open to employees participating in a five-year, 15% wage reduction program. The new issue represents 43% of 4.3 million outstanding shares.

Hearings extended

STAMFORD, Conn. — The Financial Accounting Standards Board has extended the number of days scheduled for public hearings on pension accounting. The hearings now will be held Jan. 11 to 13, and Jan. 18 to 19 at the Roosevelt Hotel in New York City.

The board ascribed the extension to the overabundance of people wanting to make oral statements. The hearings will be held on the preliminary views of the board, which were issued in November 1982, and on the follow-up memorandum issued last April.

The preliminary views pertained to single-employer defined benefit plans only.

The discussion memorandum raised issues of accountability for multiemployer plans, defined contribution plans, foreign plans and plans funded by contracts with insurance companies.

University appoints

GAINESVILLE, Fla. — The University of Florida's endowment, which has $40 million in assets, hired Montag & Caldwell Inc. of Atlanta to invest about $4 million in equities, Mack Sheldon, business manager confirmed. Montag & Caldwell replaced Wertheim Asset Management Services Inc., New York.

United Air Lines hires

CHICAGO — United Air Lines Inc. chose Baring International Investment Ltd., London, as an international manager for its more than $2.5 billion fund, according to sources.

Ward & Wissner not to be acquired

By Ivy Schmerken

NEW YORK — The acquisition of the Carroll McEntee & McGinley Group by Marine Midland Bank includes one of CM&M's investment management firms, but excludes another.

CM&M Asset Management, a subsidiary headed by Lacy Hunt, was part of the merger; Ward & Wissner Capital Management was not part of it.

Jim Ward, a principal of Ward & Wissner, said his firm wants to preserve its independence. Yet other sources suggested Ward & Wissner wanted to be acquired, but Marine Midland wasn't interested.

As the merger with Marine Midland was being negotiated, Ward & Wissner became a thorn in CM&M's side when a lawyer interpreting the Glass-Steagall Act disclosed that a bank cannot own a firm whose principals have an option to buy it, a source said.

However, Mr. Hunt reportedly had the same buy-out arrangement as Messrs. Ward and Wissner.

To resolve the issue, two CM&M principals, Tom Christman and Jim McEntee, who were the majority shareowners in Ward & Wissner, transferred their shares into a voting trust. Neither would comment.

Messrs. Christman and McEntee own 80% of the investment boutique and also hold a $700,000 IOU

Continued on page 64

Rath pact modified

By Joel Chernoff

WASHINGTON — Rath Packing Co. modified its agreement with the Pension Benefit Guaranty Corp. and other creditors to keep the struggling meatpacker alive.

Under the Nov. 29 arrangement, Rath will pay $50,000 in monthly interest charges to use parts of its accounts receivable and inventory, which the PBGC holds as collateral. The company also pledged 15% of its future earnings.

The Waterloo, Iowa-based company filed under Chapter 11 of the bankruptcy code Nov. 1 to gain protection from creditor lawsuits. The company then was delinquent on a $1.7 million payment to the PBGC for its pension debts (*Pensions & Investment Age*, Nov. 14).

Rath terminated its severely underfunded pension plan last year. The PBGC's claim for unfunded guaranteed benefits was estimated at $33.9 million.

To settle PBGC claims against previously waived plan contributions that came due upon plan termination, the company agreed in October 1982 to pay the PBGC $13.9 million during a 13-year period.

In addition, the firm said it would pay the agency a share of its pretax profits for 10 years, beginning in 1985. The schedule provided for Rath giving 15% to 25% of earnings, depending on the level of profits.

Under the new agreement, which was approved by a bankruptcy court in Iowa, Rath will pay the PBGC $50,000 in monthly interest charges against a principal of $5.8 million so it can continue to use the secured portion of its accounts receivable and inventories on a revolving basis.

The company had been allowed to use this collateral under an interim agreement reached Nov. 1. The new agreement extends the arrangement. However, the bankruptcy court will meet Jan. 20 to hear any objections to the revised plan.

As part of the agreement, the PBGC also will have a 15% interest in Rath's future earnings.

New category of specialists

Technique SITs well with plans

By Richard J. Gillespie

NEW YORK — An explosion in the demand for a new breed of investment manager has created a new professional, the short-to-intermediate-term, fixed-income specialist.

Sired by rising interest rates, an inverted yield curve and an increased preoccupation with cash management among corporations, the short-to-intermediate-term (known as SIT) specialists have been signing up accounts in record numbers.

"Over the past 12 months, business has been the best that it has ever been," said Richard R. Daniels, vice president of Lehman Management Co. Inc., which has signed up $1.5 billion worth of new accounts during the past six months.

"Of all the articles written (on the subject of cash management), only 1% are on the investment of short-term funds, but it is very likely that we will be getting more than 1% in the future," he said.

"It is a fast, fast growing area.

"The general size and the number of inquiries is a good example of the growing liquidity of corporate America," said Fred H. Josephs, a vice president with Citibank's capital market's group, which has taken on 10 to 15 new accounts worth $500 million for corporate cash management alone during the past 12 months. The group now has $3.5 billion under management for outside clients, which include corporate and union pension funds as well as charitable funds, endowments, foundations and high-net-worth individuals.

Cash management

"Corporate America is cash rich, and you are seeing it in these massive pools of funds that are developing in the market," Mr. Josephs said.

Another Wall Street firm, Discount Corporation of New York Advisors, has taken on just three accounts during the past 12 months — but three accounts with a total value of $275 million.

Payden & Rygel, a firm that had been in business for only three months by the beginning of December, already has $500 million under management.

However, the firm, started by former employees of the Los Angeles office of Scudder, Stevens & Clark, began life with several former clients of Scudder, Stevens.

Another new firm, Liberty Capital Management in New York, started in October 1982 and now has $240 million under management in 45 accounts.

Elsewhere, specialized SIT management techniques introduced by the options futures group of Chase Investors Management Corp. have enjoyed an extraordinarily brisk business.

Started in early 1982, the programs have attracted about $816 million, according to Eric Seff, vice president.

The firm offers three different programs for the management of SIT corporate funds that are all tax-advantaged programs, he said.

Many other banks that offer professional short-term investment management have reported rapid activity in the area as corporations seek a more professional approach to the management of their newfound bundles of cash.

Most of the SIT pioneers started out in 1978 managing money for savings and loan, thrift institution and even central banks, which needed higher yields on the cash they had idling.

One exception was Scudder, Stevens & Clark, which has been offering a professional corporate cash management service for the past six years and always specialized in true cash management.

More recently, SIT specialists have been garnering those portions of the nation's burgeoning corporate cash kitties that will not be required for immediate use.

At the same time, numerous SIT specialists say they have been canvassed out of the blue by pension funds and their consultants to run special fixed-income accounts

Continued on page 58

Funds may retain CD insurance

By Joel Chernoff

WASHINGTON — Two bank regulatory agencies reportedly have agreed that pension fund investments in federally insured certificates of deposit will not lose any deposit insurance even if new restrictions are imposed on coverage for corporate cash managers.

Such a decision is important to smaller pension funds that have their assets invested in CDs and take comfort in the insurance.

Although the Federal Deposit Insurance Corp. denied it has reached the agreement on pension fund investments, other officials at both the FDIC and the Federal Home Loan Bank Board said they have decided pension fund investments in federally backed banks and savings and loans still will be insured for up to $100,000 per beneficiary.

However, carving out a special exception for one group of investors might cause the agencies to scuttle their entire plan to impose limits on insurance coverage for corporate and institutional investors.

It would be extremely difficult to distinguish between investments made by pension funds and other investors because they usually are handled by brokers.

The effect of imposing such rules could close off some banks and savings institutions from the capital markets, which would be contrary to government aims.

The bank regulators are caught on "the horns of a dilemma," said one observer.

The FDIC is concerned that "we do not pull into our net legitimate kinds of third-party trustee accounts like pension funds," said Margaret Egginton, deputy to Chairman William M. Issac. Ms. Egginton denied any agreement had been reached.

Both agencies are aware of the situation and do not want to pass the burden for CDs that go sour onto plan participants, she said.

On the other hand, pension funds are smart enough to judge the quality of the certificates, Ms. Egginton continued.

The FDIC and Federal Home Loan Bank Board are considering restricting insurance limits on CDs bought by large investors through various brokered techniques (*Pensions & Investment Age*, Nov. 14).

Providing 100% coverage to large investors, "may disrupt market discipline by eliminating the need for risk-sharing by large depositors," the agencies said in their request for comments.

They also are concerned that large investors are receiving full federal insurance on their investments, even though deposit insurance laws were written to protect small investors.

If more restrictive rules are adopted, investors would be forced to take a harder look at the banks issuing the CDs.

While the agencies are concerned about all institutional investment activity, pension fund investments will be treated differently, according to sources.

An informal agreement between the agencies was made because restrictions would cause "negative implications politically and socially," said one FDIC official.

Changing the status of pension funds after earlier efforts to attract pension fund money into bank and S&L products "wouldn't make any sense at all," said one bank board official.

In 1979, the bank regulators rewrote their rules to allow pension funds to be insured in bank products for up to $100,000 per beneficiary. This action was designed to encourage pension fund investments in smaller and regional banks, which often pay a higher rate of interest on deposits.

However, many large pension funds stick to the major national banks, despite the additional premium available elsewhere.

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Survey shows 1 of 6 citizens a shareholder

By Pavan Sahgal

BOCA RATON, Fla. — One of every six Americans has a stake in U.S. business through the direct ownership of corporate stock, the New York Stock Exchange reports.

The numbers do not include those who participate in the stock market indirectly through pension plans. If pension participants also were to be included, *Pensions & Investment Age* estimates one of 1.3 Americans holds an equity interest in corporate America.

According to the latest NYSE survey of U.S. share ownership, 42.36 million of the 234.5 million Americans are share owners in corporate America.

Consumers held, directly, about $1 trillion in stocks when the market touched bottom Aug. 12, 1982, and these assets appreciated by about $600 billion — or 60% — by mid-1983, reports the NYSE.

For the first time since 1975, women outnumber men — 51.5% to 48.5% — as direct investors in the stock market.

More than 32% of adult stock owners first acquired stock through an employee stock purchase plan, although a majority of share owners continue to report they first acquired stock through brokers, the NYSE survey found.

"One out of three share owners currently participates in such a plan," said William M. Batten, chairman and chief executive officer of the NYSE. "And more than half of these participants tell us that this is the only way they have ever acquired equities.

"Somewhat surprisingly, we found that while more than 45% of the nation's 42.4 million (direct) share owners participate in IRA (individual retirement account) or Keogh plans, very few first acquired stock through them."

Mr. Batten was speaking at the Securities Industry Association's annual convention here. More than 1,000 participants attended Nov. 29 through Dec. 2.

"The essential news, quite obviously, is that the securities industry's customer base has expanded by a whopping 10 million individuals, including 7 million relatively affluent, mostly younger people who have never owned stocks before," said Mr. Batten.

"It is probably safe to assume, too, that most of these new customers and prospective customers still do not know very much about such relatively new components of securities firms' product mixes as options and futures.

"So, while the marketing challenges and opportunities implicit in these survey findings are little short of staggering, it will be essential for the industry to approach them in a highly responsible manner.

"It is always desirable to know who your customers are."

The NYSE study — and Mr. Batten in his speech — played down the role of institutional investors and their megaportfolios, a major force in the market.

An estimated 133 million Americans hold stock in American corporations indirectly, through pension plans or other institutionally managed investments.

Such institutional portfolios often are worth billions of dollars, compared with the median portfolio value of $5,100 in mid-1983 for the individual adult stockholder. The median portfolio was worth $5,450 in mid-1981.

"An average of more than 5 million Americans have entered the share owner ranks in each of the past two years," Mr. Batten said. "That is about 2.5 times the one-year increase recorded in the preceding survey (in 1981) and by far the highest annual average for any period since the exchange began monitoring share ownership back in 1952."

The new total includes 7.3 million adults who entered the stock market for the first time during the

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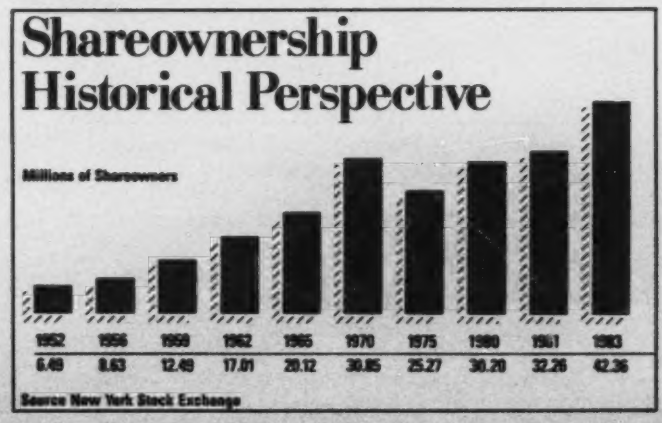

Holders . . .

Continued from page 3

past two years. It also included 2.5 million adults who had disposed of their equity holdings prior to mid-1981 and re-entered the market between then and mid-1983, when the latest study was conducted.

"We used to think of ages 45 to 54 as the 'golden years of investing,' but that is no longer the case," Mr. Batten said. "Today, nearly 19 million share owners are between the ages of 21 and 44."

The new "small" investors, with portfolios valued at less than $5,000, outnumber new share owners with larger portfolios by a margin of 5-2, according to the NYSE study. In the group, women outnumber men by almost 3 to 2.

"It may be more pertinent to focus more specifically on someone who is typical of the 7.3 million new adult share owners," Mr. Batten said.

"She is a 34-year-old married woman who lives in a large metropolitan area. She has attended, and probably graduated from college. She is likely to be employed, full-time, in a clerical or sales capacity — although many of her counterparts are working in the professions or as managers."

Batten: New 'golden years'

The stock portfolios of the typical direct investor and her counterparts are valued at a modest $2,200. These investors might be more willing than older investors to take moderate financial risks in the hope of obtaining above-average gains, Mr. Batten pointed out.

He also reported that stock market mutual funds have gained popularity during the past two years. According to the NYSE study, 24% of share owners held such funds in mid-1983, compared with 16% in mid-1981. Mutual funds have been particularly popular with IRA and Keogh plan investors.

New York continued to be the metropolitan area with the largest number of share owners, while Los Angeles took over second place from Chicago, the NYSE study found.

However, the largest total number of share owners is in California, 5.36 million, followed by New York with 4.69 million and Texas, 2.6 million.

Citicorp buys interest in firm

NEW YORK — Citicorp's Capital Markets Group agreed to purchase a 29.9% interest in Vickers Da Costa (Holdings) P.L.C., a securities firm that trades on the London Stock Exchange. Vickers Da Costa provides advice and research on companies; the firm's specialty is Far East securities. In a similar move last year, Security Pacific Bank, San Francisco, bought a stake in Hoare Govett Ltd., a London-based securities firm. ■

Funds retain CD insurance . . .

Continued from page 3

Numerous smaller banks and savings and loans have awakened to the advantages of the federal insurance, and have started offering products that have the high level of protection.

In particular, both pension funds and marketers of "socially responsible" investments have realized they can offer a rate of return near a Treasury bill level while providing equivalent safety.

For example, the American Indian Bank recently announced a new product that would reinvest dollars in reservations.

Also, the Pacific Coast Roofers Pension Plan aims to provide capital for homeowners seeking reroofing jobs from union contractors by investing $3 million of plan assets in a local bank CD (see story on page 4).

The agencies' agreement comes despite concerns regarding "multiple insurance coverage" provided for pension fund investments.

"It is not the FDIC's or board's intention to shift the risk of loss to the beneficiaries of trusteed or custodial accounts; rather, it is hoped that fiduciaries will be held to a higher standard of care in the placement of funds," the agencies said in their request for comment.

However, responses from brokers and other financial institutions weighed heavily against taking away protections for pension funds.

Limiting multiple insurance for pension funds would reduce "confidence in the banking system and (reduce) the ability of small financial institutions to compete effectively with large institutions," said Randolf H. Aires, vice president of Sears, Roebuck Co.'s governmental affairs office.

The move particularly would hurt thrift institutions' ability to raise funds, Mr. Aires said.

Other commentators agreed. "Without FDIC, or FSLIC insurance, investors would not take the time, nor incur expense, to exercise judgment or 'market discipline' to determine the banks in which to make deposits," wrote Gerard L. Snyder, president of CDx, a Washington-based money broker.

"Instead, institutional investors will completely avoid smaller depository institutions," Mr. Snyder continued.

"The result will be that the funds will be deposited in the larger money center banks or be taken out of the banking system and placed in non-banking financial instruments," he said.

Roger M. Vasey, chairman and president of Merrill Lynch Capital Markets, said that pension funds already have other reasons to evaluate the worthiness of the institution issuing a CD.

"Trustees and other managers of pension funds and similar custodial arrangements must maintain a high level of investment liquidity," Mr. Vasey wrote.

Moreover, Congress indicated pension fund beneficiaries are entitled to a special measure of protection, he added.

The American Bankers Association, while sympathetic to the government's problems, opposed limitations on multiple insurance.

"Such a limitation would constitute an entirely unacceptable transfer of the risk of failure of a depository institution onto small beneficiaries of these accounts without any concurrent improvement in the safety and soundness of the banking system or in the security of the deposit insurance funds." ■

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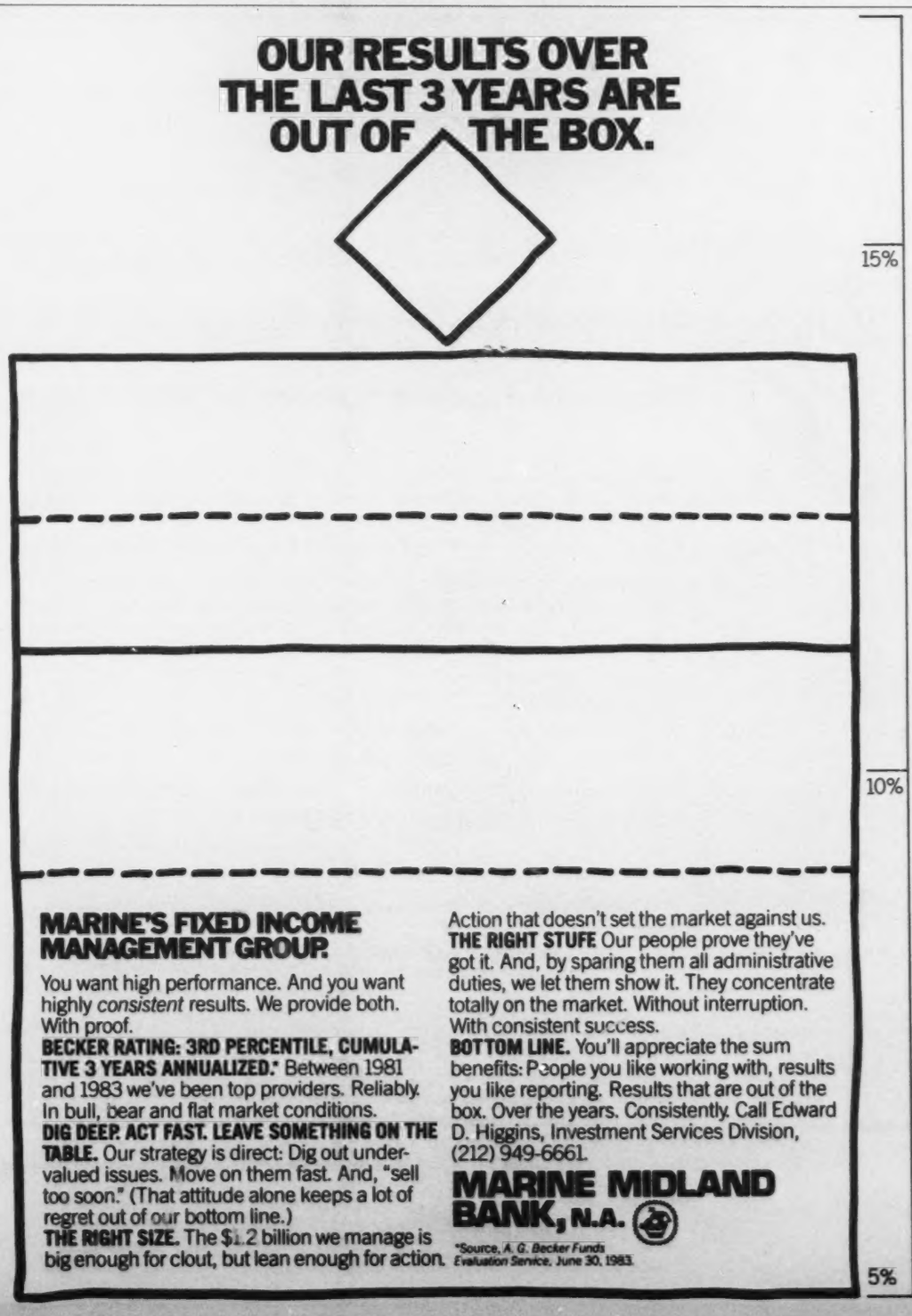

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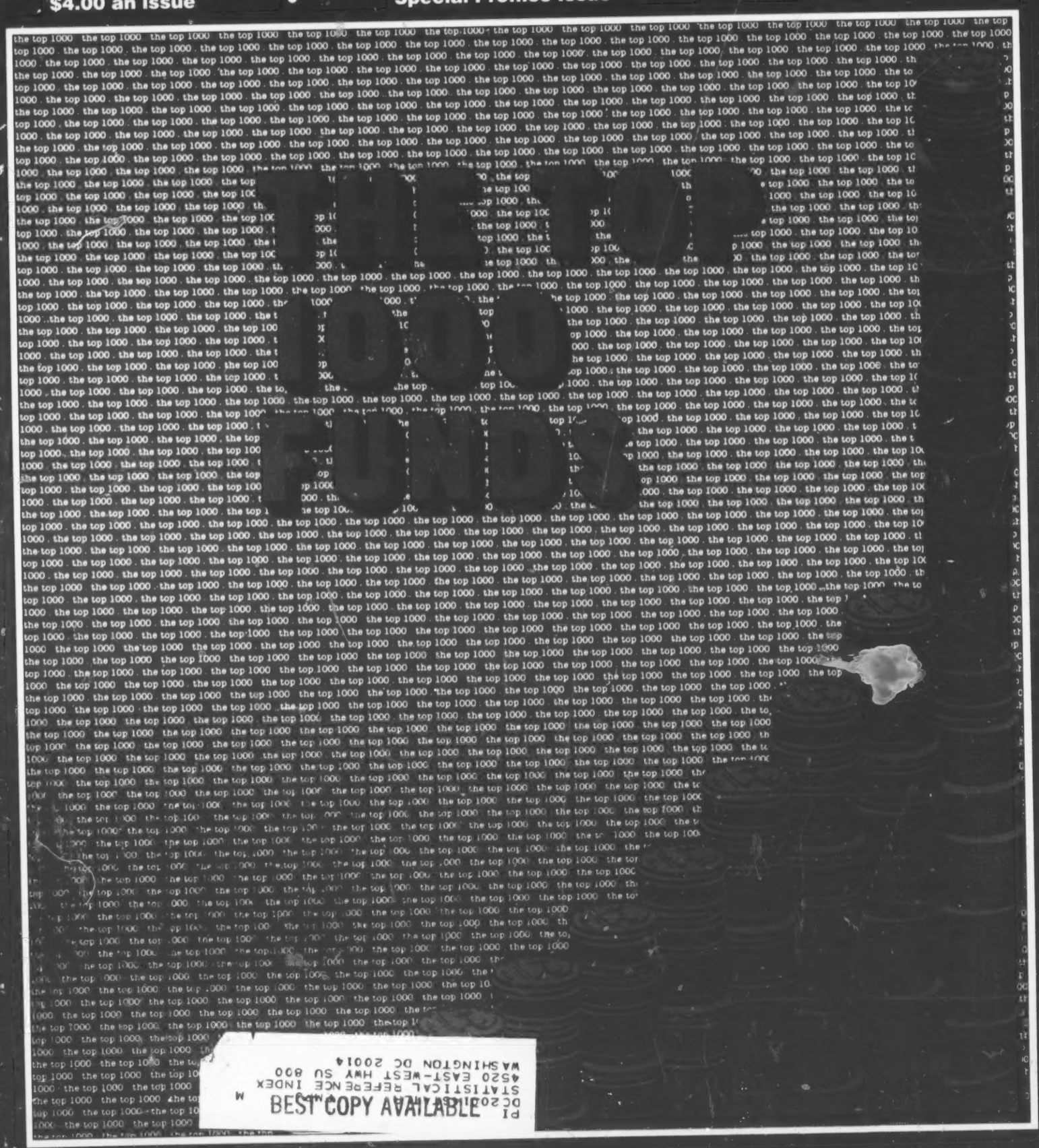
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Consultants fire on PBGC investments

By Joel Chernoff

WASHINGTON — The way the Pension Benefit Guaranty Corp.'s $1.1 billion in assets are invested ultimately might lower the return on investments and drive up premiums paid by employers to the agency, two members of the PBGC's now-defunct Investment Policy Panel claim.

The panel of six investment professionals was terminated by the PBGC Advisory Committee in October.

The advisory committee, which created the group eight years ago for advice on investment matters, makes recommendations to the agency on a variety of issues, including investments.

In a written statement submitted to Pensions & Investment Age, former investment panel members Edmund A. Mennis and Roger F. Murray argue the PBGC is a unique corporation, and is not like a life insurance company that constantly must match its assets against its liabilities and invest heavily in fixed-income vehicles.

In the past, Mr. Murray served as vice president at Bankers Trust and an executive at the College Retirement Equity Fund, and is professor emeritus at Columbia University's Graduate School of Business. Mr. Mennis previously headed the investment operations at Republic-Bank Dallas and Security Pacific Corp.

"Managing assets as if PBGC is a legal reserve life insurance company, which it is not, can needlessly sacrifice potential investment return, ultimately causing increased per capita assessments on the private pension system and adding further incentives for corporations to discontinue defined benefit plans," said the authors, both independent consultants.

Their document largely was prompted by the termination of their investment panel and by a PBGC decision to move $100 million from an equity manager — Forstmann-Leff Associates of New York — to a fixed-income manager — Pacific Investment Management Co. of Newport Beach, Calif. — last June. The money was invested in Ginnie Maes.

That $100 million represents almost 25% of the agency's discretionary assets.

The statement comes at a time when the PBGC plans to seek an increase in the annual premium paid by employers to $6 per participant from $2.60, with an additional

Continued on page 92

Pooled fund draws plans

By Kimberly Blanton

CHICAGO — More than 20 institutional investors, mostly pension funds, provided almost half of the $340 million committed to Warburg, Pincus Capital Partners, a venture capital fund.

The General Electric Co. and American Telephone & Telegraph Co. pension plans have two of the largest partnership interests. Each committed $18.75 million.

One of the biggest pooled funds of this type, Warburg, Pincus Capital Partners is not confined to financing companies in the early stages of development. It obtains interests in companies through numerous financing methods, including leveraged buy-outs and the purchase of stock in private and publicly traded corporations.

Several corporate pension funds said they bought an interest in Warburg, Pincus Capital Partners because they were pleased with the returns of the fund the company set up in 1980.

None of them would provide specific returns to that first fund, however. Warburg Pincus failed to return repeated calls.

In addition to General Elec-

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Late news

N.Y. funds hire 5

NEW YORK — The New York City Employees Retirement Fund and the New York City Police Department Pension Fund have hired five managers to invest a total of $500 million in equities.

The $8 billion city employees fund will allocate $65 million each to Batterymarch Financial Management, Provident Capital Management, Lazard Freres Asset Management and Stein Roe & Farnham, and $40 million to Dimensional Fund Advisors.

The $3 billion police fund will allocate $50 million each to Batterymarch, Provident Capital and Lazard Freres, and $25 million each to DFA and Stein Roe. Eberstadt Asset Management and Scudder, Stevens & Clark were dropped.

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Pensions & Investment Age

Funds grew 30% during 1983

Assets surge to $806 billion

NEW YORK — The nation's 1,000 largest pension funds experienced extraordinary growth during 1983, as asset values surged by almost 30% to $806 billion.

Many funds grew by more than 30%, however, including the nation's largest — that of American Telephone & Telegraph Co. The assets of AT&T's employee benefit plans, which were being split into eight separate plans beginning Jan. 1, 1984, jumped 34% to $61.2 billion as of Sept. 30, 1983.

International Business Machines' pension assets rose even more dramatically, up almost 45% to $10.1 billion. Hughes Aircraft's assets increased 44.4%; Standard Oil of California's assets grew 43.9%; Caterpillar Tractor's assets jumped 36.1%; RCA's assets increased by 35%; and Ford Motor Co.'s assets grew by 34.6%.

Some public employee pension funds also climbed dramatically in the 12 months ended Sept. 30. The assets of the California Teachers Retirement System, for example, grew by 43.9% to $20.5 billion.

The assets of the New Jersey pension funds increased by 46.8% to $9 billion; the Pennsylvania School Employees fund rose 40.6% to $5.9 billion; and the assets of the Washington State Investment Board increased 40.5% to $5.1 billion.

This extraordinary growth was fueled largely by the strong stock market from September 1982 through September 1983, as contributions by pension fund sponsors declined $3.4 billion from the 1982 figure of $37.1 billion.

Unlike 1982, when the public employee funds showed the greatest growth, corporate funds grew most rapidly in 1983, reflecting their higher commitment to common stocks.

Corporate funds

For the first time since the Pensions & Investment Age survey began, the 25 largest corporate funds have more assets than the 25 largest public funds. However, since this in large part reflects the growth of the AT&T pension assets, and the AT&T funds are being broken up, this might be a one-year phenomenon.

The assets of the 25 largest corporate funds rose 30.6% to $196.7 billion in the year ended Sept. 30, compared with 15.3% growth in 1982, when bonds outperformed stocks.

The assets of the 25 largest public funds, on the other hand, grew a respectable 25% in the year ended Sept. 30, to $195.8 billion. A year earlier, they had registered a 22% gain, thanks to their heavier commitment to bonds. The assets of the 10 largest union funds grew by 25.8% in 1983, compared with 21.8% in 1982.

The slower growth of the public and union funds reflected their heavier commitments to bonds and lower commitments to common stocks than in the corporate funds.

The average asset mix for the corporate funds was 55.1% common stocks, 27.2% bonds, 8.4% cash equivalents, 4.3% equity real estate, 0.8% mortgages, 1.8% guaranteed investment contracts and 2.4% in other investments.

Union funds were invested 26.2% in common stocks, 37.2% in bonds, 13.8% in cash equivalents, 5.1% equity real estate, 8.7% mortgages, 7.1% GICs and 1.9% other investments.

Public funds

Public funds, on the other hand, were only 28.7% invested in common stocks, 51.5% in bonds, 9.46% in cash, 1.34% in real estate equity, 8.86% in mortgages and 0.14% in other investments.

These facts were obtained from P&I Age's annual survey of the 200 largest employee benefit plans and listing of the next 800 plans.

The 1983 survey reports the total assets, pension assets, profit-sharing and thrift plan assets as well as contributions and benefit payments of the 200 largest funds.

The profiles also include, in most cases, their asset mix, their use of alternative investments (such as international investment, venture capital and real estate) and list their money managers. The survey showed:

- 1983 was a relatively slow year for investment in real estate by pension funds, as the assets so invested increased only 17.3%.
- The number of funds managing assets in-house increased to 125 from 119, and the assets managed internally increased by 33%.
- The number of bond portfolios dedicated in 1983 decreased. In

Continued on page 14

California fund adds for realty: LaSalle Advisors, Equitable Life

By Mark Westerbeck

SACRAMENTO, Calif. — The California Public Employees Retirement System has picked The Equitable Life Assurance Society of the United States and LaSalle Advisors Inc. as real estate advisers for the $20.5 billion fund.

F.I.A. Associates already manages real estate assets for the California fund, which is the third largest pension fund in the United States, according to *Pensions & Investment Age's* survey of the largest 1,000 funds.

The bonanza for the two newly picked advisers and F.I.A. eventually might be as much as $1 billion, according to one finalist in the selection. The fund already has almost $1 billion invested in real estate, and this additional money would bring the real estate allocation for the California fund to about 10% of its assets.

Through F.I.A., which scored a tremendous coup when it made the California public employees its first client in mid-1981, the fund already has placed $900 million, or 4.4% of total assets, in a variety of equity and mortgage investments. They include an 81% interest in United States Steel's headquarters in Pittsburgh, worth $210 million in September 1982.

W. James Smith, mortgage investment officer for the retirement system, said the fund's allocation to real estate will be decided by June.

First, studies must be completed and a new asset mix must be determined, he said. A statutory 10% limit on real estate investment has been lifted, he added.

In its move to multiple managers, the retirement system has devised three "acquisition zones" to reduce the possibility the advisers will knock heads over the same properties.

Equitable, based in New York, takes the East; LaSalle, out of Chicago, gets the Midwest; and F.I.A., in Sacramento, watches the West. "The advisers will be able to cross lines, so to speak, by registering the property with the investment staff here," said Mr. Smith.

Real estate

Stratifying the market in some way apparently will increase as major pension funds strive to get greater control and returns in a maturing market through several direct accounts than what they achieve with commingled funds.

The Florida State Board of Administration had structured managers on a regional basis before policy was changed and commitments were made to commingled funds

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American Express sub enlistment

Firm recruits Morgan execs

By Ivy Schmerken

NEW YORK — American Express Co. has raided Morgan Guaranty Trust Co.'s international investment department in London and New York, recruiting five executives to form a new global money management subsidiary.

The financial service giant induced Karl R. Van Horn, senior vice president, and three investment colleagues to leave the bank's $5 billion, London-based international investment operation.

The three managers forming the nucleus of the new company are: Bernard Rattray, a global manager whose specialty was the U.S. market, and who was the person directly responsible for separate U.S pension accounts; Mark Tapley, a global manager with special expertise in quantitative techniques; and Chilton "Tony" Thomson, a global manager specializing in European securities, who did marketing and servicing for U.S. pension clients.

Also, Herschel Post, who worked mostly in New York as a member of the senior management committee for the institutional investor group for Morgan, will be chief operating officer of the new firm, American Express Asset Management Holdings.

The new subsidiary will offer global investment management products, including mutual funds "free to roam all security markets" geared to the small, individual investors. On a selective basis, it will manage assets for pension funds by forming a limited number of long-term relationships.

Martin E. Harrison, vice president and senior investment officer, was named head of international investments at Morgan. His appointment was announced by C. Nicholas Potter, senior vice president and chief investment officer of the bank's institutional investment group.

Mr. Harrison already was head of the international investment department's London office and supervised offices in Singapore, Hong Kong and Tokyo. He succeeds Mr. Van Horn in the senior executive position and also retains his other responsibilities.

"It is very much business-as-usual," Mr. Harrison said.

He made it clear that he is the "impresario" in charge of client servicing, managing the professional staff, the administrator of the whole group.

However, it is Walter Zinsser, vice president and senior investment officer, who is chiefly responsible for international investment portfolio management, which he has done since 1976.

The administrative duties handled by Mr. Post were assigned to David Hawes.

Mr. Harrison said he is not expecting major changes on the investment side, except perhaps appointing a replacement for Mr. Rattray's coverage of U.S. common stocks. David Roche, who manages an Australian equity fund, also will be given more portfolios, he added.

Mr. Harrison said the Morgan group is still intact in terms of a "lively investment process."

"I'd tell clients to watch and see how we get on. I think they'll be satisfied by the results," he said.

Rudolph Leuthold, who was Mr. Zinsser's backup on managing the huge commingled international equity funds, was assigned to manage the U.S. pension portfolios, previously handled by Mr. Rattray, according to a pension client.

Meanwhile, American Express also recruited from outside Morgan for its new company, hiring Robert Kugler, for 12 years a portfolio manager of the Japan Fund, a closed-end fund quoted on the New York Stock Exchange, and Seth Strickland, previously vice president of institutional equity sales at Smith Barney, Harris Upham & Co. Inc.

For Mr. Van Horn, named chief executive officer of the new firm, the move was driven by an opportunity to start a "wholesale investment boutique with access to mass distribution channels."

Financial security, profit-sharing and working with a professional group he respects, also motivated the change.

Mr. Van Horn had spent his entire 22-year career with Morgan Guaranty. He previously held investment research assignments in New York and Paris and managed domestic portfolios for 10 years.

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Layoffs prompt worker lawsuits

By Richard J. Gillespie

NEW YORK — Hundreds of former employees of both Continental Can and Armstrong Rubber Co. contend they were fired in violation of ERISA.

Section 510 of the Employee Retirement Income Security Act prohibits a company from firing employees to avoid paying them benefits.

In a court case against Continental Can, attorneys for the United Steelworkers of America say the company selected about 250 employees for layoffs because they were not eligible for special "shut down" benefits.

In another court case, former employees of Armstrong Rubber seek $200 million in damages on the ground that the tiremaker singled out their plant for closure because its employees had a higher average age, higher salaries and higher benefits than employees at other plants.

An Armstrong official said the suit is without merit, and that lawyers were preparing an appropriate response.

At Continental Group, owner of Continental Can, an official said it is company policy not to comment on pending litigation.

The class action suit in New Haven, Conn., against Armstrong Rubber alleges the company closed its West Haven plant in 1981 because employee benefits were substantially higher there than at any of the company's other plants.

"The cost of the pension and health benefits was substantially greater at the West Haven plant and that was related to the age of the employees, and also to the rate of pay of employees, which was higher than in the other plants," said attorney Charles A. Pillsbury, who filed the suit.

Armstrong sought to "cut the escalating costs of providing pensions and other employee benefits," he said.

Unable to provide full and precise figures to document the additional expense the company would have incurred had it con-

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Late news

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Insurance proposal

WASHINGTON — Bucking opposition from the brokerage community, the Federal Deposit Insurance Corp. and the Federal Home Loan Bank Board have proposed limiting insurance coverage on brokered deposits to $100,000.

The proposal met an almost immediate negative response from the Securities Industry Association and brokers of jumbo certificates of deposit, such as Merrill Lynch.

The proposal would limit insurance coverage to $100,000 per insured bank or savings association, or on the total deposits placed by or through a single deposit broker.

The FDIC and bank board also specifically requested comments on whether the prohibition should apply to deposits placed by brokers on behalf of pension funds.

Under current regulations, each member of an employee benefit fund is insured up to $100,000 when the fund purchases a jumbo CD from a bank or savings association.

Also under current regulations, deposit brokers can achieve full insurance for any purchaser of jumbo CDs by bundling various certificates that contain no more than $100,000 in any one institution.

Knoxville restructures

KNOXVILLE, Tenn. — The $93 million Knoxville City Employees' Pension Fund hired Southeastern Asset Management, Memphis, Tenn., for equities and STW, Santa Barbara, Calif., for fixed income.

Southeastern Asset Management and current manager Citicorp Investment Management, Houston, will manage 35% of the assets in equities, about $32.5 million.

STW and current manager Todd Investment Advisors, Louisville, Ky., will receive 65% or $60.4 million to invest in fixed-income securities. A portion of that amount will be invested in a dedicated bond fund to be handled by an unnamed manager. Meidinger Asset Planning Services Inc. consulted on the restructuring.

Sears taps for realty

CHICAGO — Sears Investment Management Co., the wholly owned subsidiary that runs Sears, Roebuck & Co.'s $5.1 billion retirement funds, has hired Aldrich, Eastman & Waltch to manage its first equity real estate investments, according to a source. SIMCO officials refused to comment.

James G. Graaskamp, professor and chairman of the department of real estate and urban land economics at the University of Wisconsin, aided in the search.

Termination approved

DETROIT — Stroh Brewery Co. has received approval from the Pension Benefit Guaranty Corp. to terminate its $180 million pension plan for salaried employees, according to Ralph Caponigro, vice president-finance.

The company will recapture about $95 million in excess assets from the termination, effective Oct. 13, he said. The agency issued its notice of sufficiency Dec. 29.

Fund resells stock

BETHESDA, Md. — Martin Marietta Corp.'s pension fund resold 500,000 shares of convertible, exchangeable, preferred stock at $60.63 per share to Goldman Sachs & Co., which offered it in a secondary public offering Jan. 11 at $62.50 per share. In December 1982, the fund accepted the stock contribution in lieu of cash.

Wilson terminating

OKLAHOMA CITY — Wilson Foods Corp. will file to terminate its overfunded pension plan for salaried employees and plans to use some of the recovered assets to help pay off creditors.

Wilson Foods announced its intention to terminate the plan as of Jan. 31 in its reorganization plan filed under Chapter 11 of the bankruptcy code. However, IBP, an Occidental Petroleum Corp. unit, has announced its intention to buy the company's assets.

If the termination goes through, Wilson Foods expects to record a one-time extraordinary gain of $20 million in its fiscal second quarter from the termination and the sale of a plant. How much will be from the recaptured assets is not known.

Termination granted

LOS ANGELES — Occidental Petroleum Corp. announced it received Internal Revenue Service and Pension Benefit Guaranty Corp. approval for the termination of the Cities Service Retirement Income Plan.

The company said it would receive $375 million in excess assets from the termination of this and three terminated Occidental pension plans.

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Cover illustration by Amy Palmer

Marshall to leave Deere for BayBanks

By Kimberly Blanton

MOLINE, Ill. — Greta Marshall, manager of pension assets at Deere & Co., has resigned to become head of BayBanks of Boston's new investment division.

The change, besides moving Ms. Marshall from the buy side of investment management to the sell side, will enable her to fulfill a longtime ambition: to run the 26-mile Boston Marathon.

Ms. Marshall said that 20 years ago, women were barred from competing in that prestigious marathon. So she has made it her 1984 New Year's resolution.

Ms. Marshall, who has been at Deere for almost 10 years, oversees the $1.5 billion fund, most of which is managed in-house. Under Ms. Marshall's direction, BayBanks will be geared to investment management for individuals and small corporate pension plans.

She will bring the roughly $1 billion the bank now manages into

Continued on page 90

Greta Marshall

Profiles: The top 200

Contributions to top funds drop for 2nd year

By Kimberly Blanton

CHICAGO — Total contributions to the nation's 200 largest corporate and public pension funds declined more than $2 billion in 1983.

This was the second year in a row that contributions declined. However, the decline in 1982 was small.

The employee benefit fund sponsors allocated less to their pension funds despite climbing payments to retired employees.

Benefit and contribution data were gathered in *Pensions & Investment Age's* annual survey of public and corporate funds.

Benefit levels have risen 20.2% since 1981. The benefits the largest 200 funds paid in 1981 were $23.1 billion, compared with $27.75 billion in 1983. Data were not available for 1982.

In contrast, contributions to these funds in 1983 fell 5.6% to $35 billion, from $37.1 billion in 1982. This is only the second time contributions have fallen, indicating a reversal in the longtime trend of ever-increasing contribution levels.

Between 1981 and 1982, contributions also dipped 0.51%. Before that, contributions rose continually. The contribution level in 1981 was 23% more than 1980.

The sharp decline in contributions in the year ending Sept. 30 is exaggerated by American Telephone & Telegraph Co.'s $1.3 billion cut in contributions. AT&T accounted for a large part of the total $2.1 billion decline among the 200 funds.

After subtracting AT&T's contribution from both year's statistics, the decline was slimmer: contributions dipped 2.4% to $32.4 billion from $33.2 billion.

Richard Gray, district manager and AT&T spokesman, said two factors led to the reduced contributions.

Changes in the plan's design made in Oct. 1, 1980, have lowered its estimate of future benefits. Before the change, all employees' retirement benefits were based on their earnings in the last five years before retiring.

In 1980, AT&T began negotiating union retirement benefits at a flat dollar rate per employee per year of service. Salaried employees' benefits also were changed to reflect an average career salary, which is lower than the average salary in the last five years.

The annual actuarial review of the past and anticipated performance of the fund and inflation also brought lower contributions, Mr. Gray said. Numerous companies have raised the interest rate assumed in estimating future liabilities, lowering the liability. Mr. Gray would not disclose whether AT&T had done so.

Like other companies surveyed, AT&T's contributions fell, while benefits went up. AT&T's benefit level rose to $2.1 billion, $470 million above 1982's level.

Mr. Gray said the reduction in Bell System employees boosted benefits because many employees were lured into early retirement with improved benefits. The operating companies were reducing their work force in 1982 and 1983, and AT&T began cuts in 1983.

Many of the largest funds' contributions actually went up: the Michigan State Employees Retirement System's contribution doubled to $1.2 billion in 1983.

But the declines, prevalent among smaller funds, resulted in a net decrease. Although the funds and their rankings in the survey shift from year to year, the largest funds are in the survey every year, so the statistics are comparable.

Aside from AT&T, large corporate pension funds that showed lower contributions between 1982 and 1983 include Exxon Corp., reduced to $271 million from $455 million; Mobil Oil Corp., to $230 million from $300 million; Standard Oil Co. of California, to $154 million from $305 million; and Atlantic Richfield Co., to $120 million from $140 million.

William Miner, actuary with the Wyatt Co., has suggested possible explanations for the decline in contributions by corporate sponsors.

"Hard economic times" have led companies to lay off workers and to grant smaller pay increases, he said. Fewer employees, each receiving a lower raise translates to reduced retirement benefit liabilities for some companies — and to reduced contributions.

For the same reason, there has been "general belt-tightening," and companies are choosing the lower end of the range of contribution levels set for them by their actuaries, Mr. Miner said.

He added that the high investment returns firms earned in 1982 are beginning to show themselves in actuarial calculations.

Indeed, investment returns have been above average for the past five years. The median equity fund had a compound annual return during that time of better than 16%, and the median fixed-income fund had a return of better than 9%.

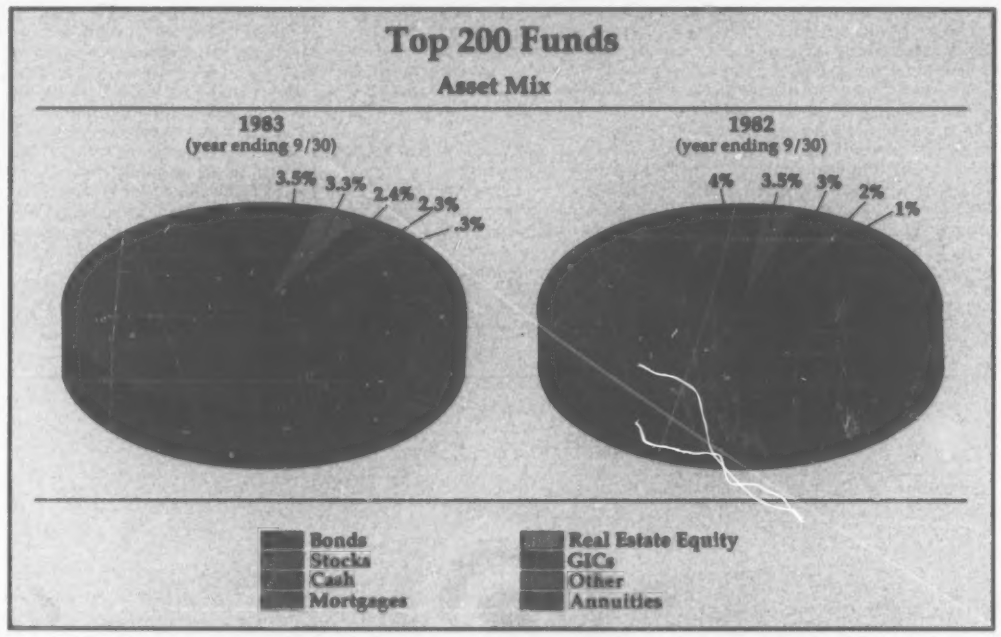
As a result, pension funds in recent years have been increasing their assumed investment returns, thus reducing the needed contributions.

Under pressure from shrinking budgets, public funds also are cutting contributions.

Between 1982 and 1983, the Washington State Investment Board's contributions dropped to $400 million from $550 million; Los Angeles County Employees Retirement System, to $272 million from $330 million; Iowa Public Employees Retirement System, to $110 million from $175 million; and the Kansas Public Employees Retirement System, to $94 million from $160 million.

Some funds that had to pay out more in benefits saw cuts in contributions from their sponsors.

The California Public Employees Retirement System's contributions dropped slightly in 1983 to $1.3 billion, from $1.4 billion in 1982. Its benefits grew to about $1.06 billion from $962 million. ■



Survey method

The information on employee benefit funds in this issue was developed in several stages.

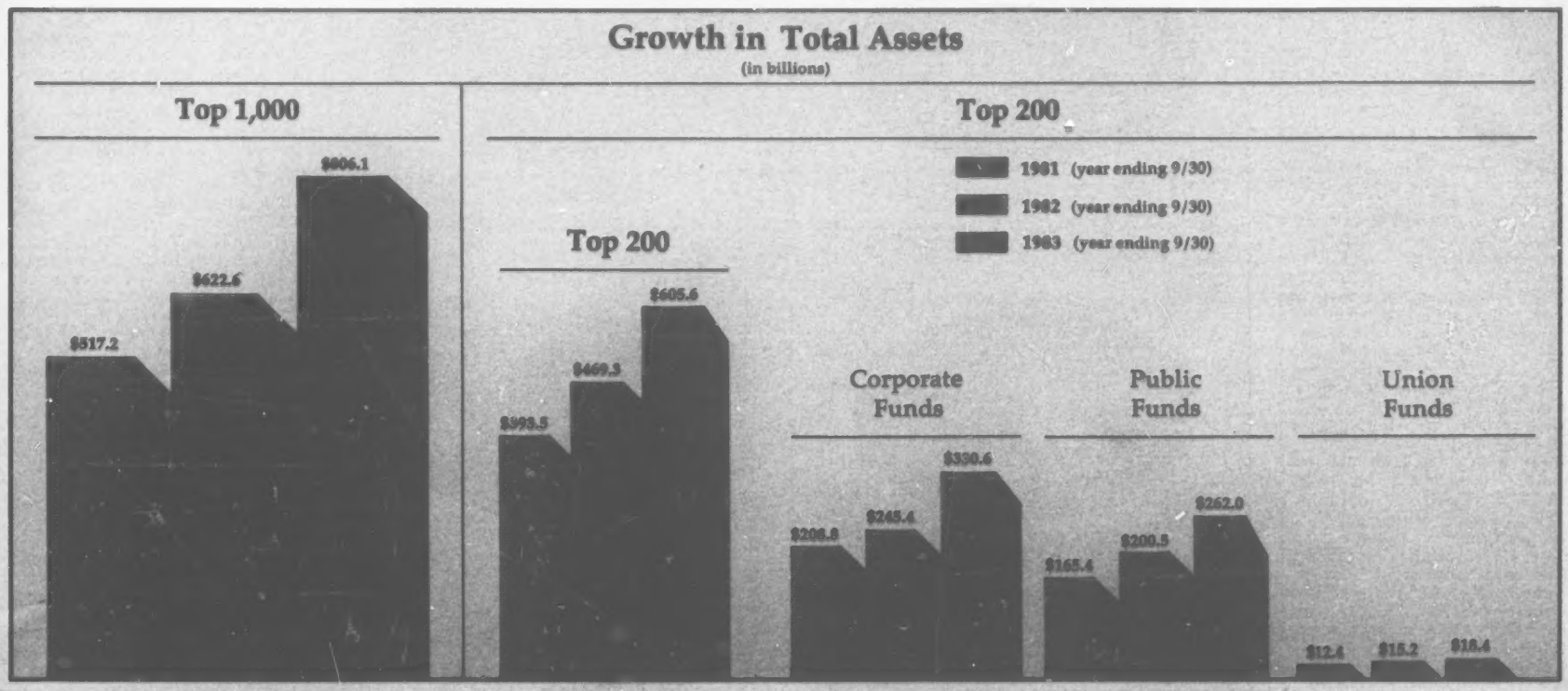
Money Market Directories Inc., Charlottesville, Va., furnished *Pensions & Investment Age* with the names and assets of approximately 1,100 fund sponsors. Money Market Directories annually publishes detailed information on more than 20,000 tax-exempt funds.

Questionnaires were sent to the funds on the list and from the responses, the Top 200 and Top 1,000 were identified.

Where no response was received from a sponsor, either from a questionnaire or, in the case of Top 200 funds, a follow-up phone call, information from the Money Market Directory was used.

Unless otherwise stated, the information reflects the operations of the funds as of Sept. 30, 1983.

Money Market Directories Inc. is located at 360 E. Market St., Charlottesville, Va. 22901. ■



PBGC assets top $1 billion

WASHINGTON — The Pension Benefit Guaranty Corp.'s assets grew to $1.1 billion from $835 million during the 12 months ending Sept. 30, 1983.

The agency is not included in *Pensions & Investment Age's* roster of the top 200 pension funds, even though it pays out pension benefits to more than 100,000 participants.

Edwin M. Jones, its outgoing executive director, asserts the government agency is akin to an insurance company because of the annuities it must pay out to participants whose terminated pension plans it trustees. Critics disagree, saying the agency is a unique corporation.

The agency, which guarantees pension benefits up to a fixed level ($1,602.27 per month for plans terminating in 1984), assumes trusteeship for plans whose assets do not cover vested benefits.

As of Sept. 30, the PBGC had $1.1 billion in assets. The present value of its liabilities was about $1.5 billion. Mr. Jones said preliminary estimates show the agency's deficit rose by $100 million during the past year.

The PBGC had discretion for $800 million of the $1.1 billion total, according to Charles C. Tharp, the agency's deputy executive director, who oversees investments. Of that, about $400 million was in two revolving funds, which consist of annual premiums paid by employers.

The Employee Retirement Income Security Act requires that those assets be invested in Treasury issues or government-backed obligations. However, the Treasury Department again rejected agency appeals to invest in non-Treasury securities, such as Ginnie Maes, which have a higher yield.

Pacific Investment Management Co., Newport Beach, Calif., manages $350 million of those funds. About $50 million in revolving fund assets are in cash and run internally.

Another $400 million in assets were invested at the PBGC's discretion. Of that, $100 million was transferred in June from an equity account run by Forstmann-Leff Associates of New York to PIMCO to be invested in long-term Ginnie Maes. Forstmann-Leff was terminated. The agency's remaining equity managers are Alliance Capital Management Inc., New York, and Putnam Advisory Co. Inc., Boston.

The balance, which is more than $300 million, represents assets from plans pending termination, employer liability, receivables, notes relating to financial commitments and other sources. The agency also has $10 million in real estate investments, inherited from plans it has taken over. It manages those properties internally. Guaranteed investment contracts and other insurance contracts amount to less than $25 million; the agency liquidates such contracts upon assuming control of plan assets.

As of Sept. 30, its asset allocation was 35% to 40% in equities, with the balance in fixed income. State Street Bank & Trust Co. is the master trustee.

Key personnel are John Hotchkis, partner in Hotchkis and Wiley, Los Angeles, who chairs the PBGC's Advisory Committee investment subcommittee, and John MacKinnon, treasurer.

Assets surge 30% to $806 billion . . .

Continued from page 3

1982, 25 funds established dedicated bond portfolios to pay retired benefits. In 1983, only six more funds dedicated. The total amount in dedicated funds climbed to $6.6 billion, an increase of 27%.

• While the number of funds investing internationally increased by nine, the dollar amount invested overseas increased 82% to $6.8 billion.

• The amount of assets invested in GICs by the 200 largest funds actually declined by 15% to $9.8 billion.

• The assets of the largest 25 pension plans grew by 30.6% to $284 billion, while the assets of the largest 25 profit-sharing plans grew by 29.1% to $17.3 billion.

The amazing growth of the nation's non-federal retirement systems is reflected in the 154 private and state and local government retirement plans with assets of at least $1 billion, up from 127 in 1982's survey and 97 in 1981.

There are 72 funds with more than $2 billion in assets, compared with 59 in '82, and 25 funds with more than $5 billion, compared with 20.

The average asset mix of the top 200 funds showed a significant increase in equity exposure and significant decreases in most other investment media as of Sept. 30.

However, much of the increase in equity exposure and decrease in other investments can be attributed to the increase in market value of the equity holdings in the 12-month period.

The survey showed the average equity position increased to 44.2% from 37%, while the average bond position decreased to 34.9% from 39%. The average cash position declined to 8.2% from 10.5%; the real estate equity position declined to 3.3% from 3.5%; and the mortgage exposure declined to 3.5% from 4%.

Despite the strength of the U.S. dollar and the U.S. stock markets, the amount of money invested in foreign markets by U.S. pension funds almost doubled in the year ended Sept. 30, climbing to $6.8 billion.

However, most of this was from increased commitments by funds that already had international investments, and from market appreciation as the number of funds investing overseas increased to 76 from 67 in the previous survey.

The United Nations Joint Staff Pension Fund still has the largest international commitment of any fund in the Top 200 — $1.3 billion. It is followed by International Business Machines, $978 billion; E.I. du Pont de Nemours & Co., $410 billion; and Mobil Corp., $300 billion.

Despite the strong stock market and extraordinary returns by some investment managers, indexing continued to be attractive to large funds.

In the year ended Sept. 30, the amount of Top 200 fund assets indexed increased by 51%, of which 44% would have been due to the market movement. The number of funds indexing their assets increased to 45 from 39 the previous year and 34 two years ago.

The AT&T pension plan had, by far, the greatest amount of indexed assets — $8.5 billion — but this might change with the breakup of the company and its pension fund. There is no guarantee that the seven new operating companies will continue to index any part of the $4 billion to $5 billion in assets each will receive. However, AT&T is expected to continue to index at least part of the $18 billion to $20 billion it will retain.

Following AT&T, the largest indexers were the New York City Employees fund, $2.5 billion; California Public Employees, $2 billion; Maryland State Retirement, $1.5 billion; and Ford Motor Co., $1.3 billion.

The Top 200 funds also continued to increase their interest in alternative investments. The number of funds using financial futures to hedge or enhance their returns doubled during 1983 to 26, and the number using venture capital increased 53% to 58.

The number of funds using options increased to 49 from 41, and the number investing in oil and gas development programs increased to 29 from 20.

Real estate investments increased to $14.9 billion from $12.8 billion a year ago as eight new funds committed themselves to this medium, taking the total number of Top 200 funds using real estate to 113.

Among the funds with significant real estate positions were the AT&T fund, $2.75 billion; the Ohio State Teachers, $1.12 billion; IBM, $809 million; Exxon Corp., $515 million; and the Western Conference of Teamsters, $505 million.

The decline in interest rates in late 1982 and early 1983 apparently slowed the rolling over of maturing GICs as the amount of assets in such contracts held by the Top 200 funds actually declined 15% to $9.8 billion, although the number of funds with GIC investments increased by seven to 77.

United Technologies has $1.5 billion in insured contracts; United Air Lines has $470 million; the Southern Baptist Convention has $456 million; and the Detroit Retirement Systems have $422 million.

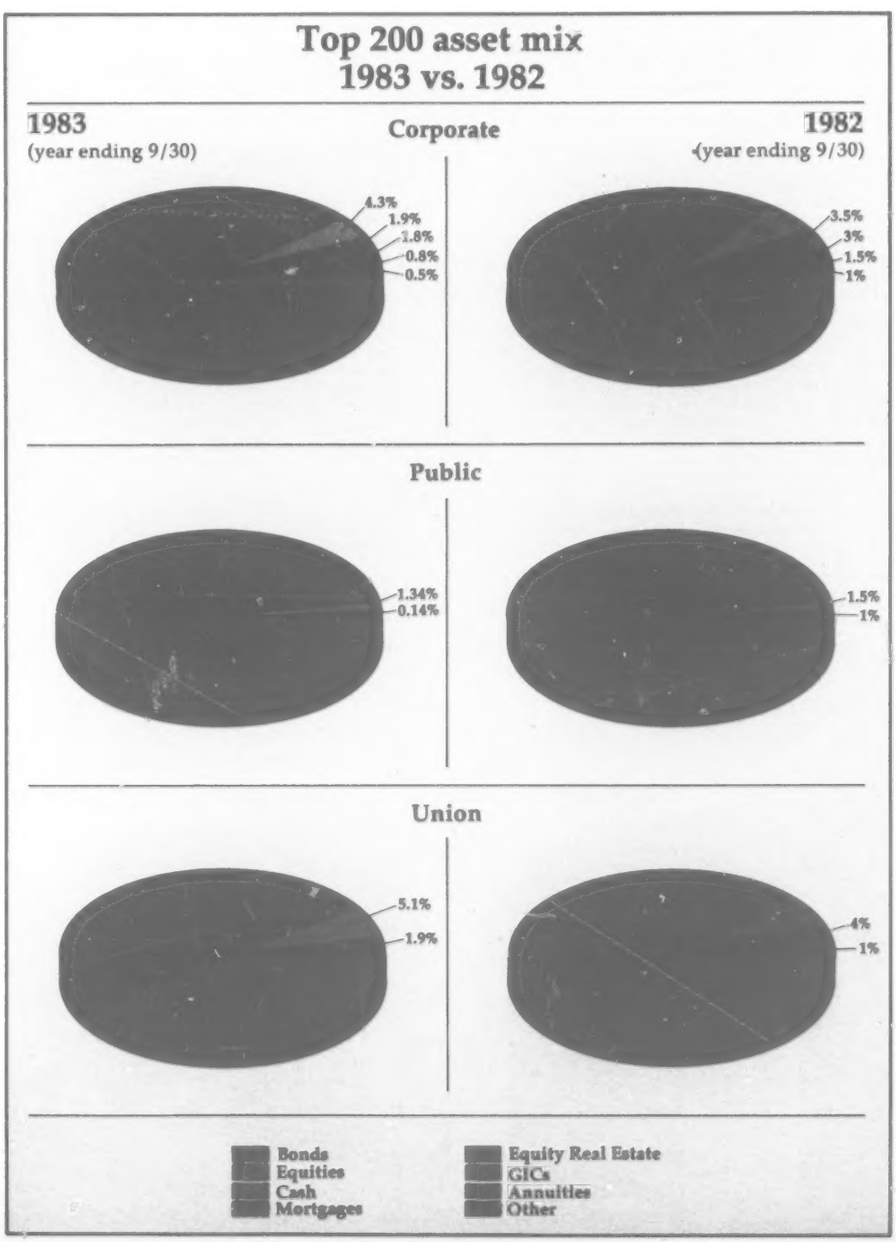
The interest rate decline also slowed the growth of dedicated bond funds, although the number of companies with such funds increased to 31 from 25, and the amount of assets dedicated increased to $6.6 billion from $5.2 billion. Dedicated bond funds, in which bond portfolios are structured so that their cash flows exactly match the specific liabilities as they fall due, totaled less than $1 billion two years ago.

Among the retirement plans with dedicated bond funds were International Harvester, a $688 million fund; Gulf Oil Corp., a $545 million fund; Firestone Tire & Rubber, a $520 million fund; the Western Conference of Teamsters, $513 million; and American Air Lines, $500 million.

Pension funds seeking extraordinary long-term returns have moved into venture capital investments. Fifty-eight funds now have venture capital investments, with the average commitment among those using such investments being about 1% of assets.

Funds using venture capital include Allied Corp., Alcoa, Armco, Atlantic Richfield, Chicago Teachers, Colorado Public Employees, Deere & Co., Eaton Corp., FMC Corp., Eli Lilly, New York State Common, Ohio Public Employees, J.C. Penney, Sperry Corp., TRW Inc., Warner Lambert, IBM and Standard Oil (Ind.).

On the other hand, some funds are seeking protection from inflation and have moved into oil and gas programs. Twenty-eight funds, including Allied, Atlantic Richfield, Commonwealth Edison, International Telephone and Telegraph, Merck & Co., Signal Cos., United Technologies and Xerox, have invested in oil and gas programs seeking long-term inflation protection. While the number of companies using financial futures either to enhance returns or to hedge risks doubled to 26 in the year ended Sept. 30, the number of firms using options to enhance returns increased only to 49 from 41.■



Top 200 pension funds/sponsors

(Assets in $ millions)

1. AT&T	61,218	68. Monsanto Co.	2,125	135. International Harvester	1,190
2. New York State Common	20,500	69. Missouri Public School	2,072	136. Inland Steel	1,167
3. California Public Employees	20,436	70. Gulf Oil Corp.	2,051	137. Indiana Public Employees	1,163
4. New York City Employees	19,676	71. Sperry Corp.	2,021	138. Southern Baptist Convention	1,155
5. General Motors Corp.	19,500	72. Hawaii Employees	2,013	139. Commonwealth Edison Co.	1,153
6. General Electric Co.	11,993	73. Iowa Public Employees	1,979	140. Honeywell Inc.	1,125
7. New York State Teachers	11,300	74. Pacific Gas & Electric	1,920	141. Textron Inc.	1,113
8. California State Teachers	10,500	75. Detroit Retirement Systems	1,917	142. L.A. City Employees	1,100
9. IBM	10,118	76. Phillips Petroleum Co.	1,906	143. Louisiana State Employees	1,090
10. N.J. Investment Division	9,032	77. American Airlines	1,900	144. Union Oil Co. of California	1,083
11. Ford Motor Co.	8,900	78. Trans World Airlines	1,819	145. Citibank	1,078
12. Texas Teacher System	8,612	79. Aluminum Co. of America	1,816	146. Continental Group Inc.	1,075
13. Michigan State Employees	8,271	80. Metropolitan Life Insurance	1,796	147. Republic Steel Corp.	1,071
14. Wisconsin Investment Board	7,900	81. Texaco Inc.	1,792	148. World Bank Staff	1,046
15. E.I. du Pont de Nemours	7,867	82. Goodyear Tire & Rubber	1,788	149. FMC Corp.	1,035
16. Ohio Teachers Retirement	7,810	83. Kansas Public Employees	1,777	150. National Steel Corp.	1,027
17. Ohio Public Employees	7,700	84. Illinois Municipal	1,775	151. PPG Industries	1,018
18. U.S. Steel and Carnegie	7,310	85. Procter & Gamble Co.	1,761	152. Southern California Edison	1,017
19. North Carolina Retirement	6,998	86. ITT Corp.	1,692	153. Bakery and Confectionary	1,000
20. Exxon Corp.	6,588	87. Utah State Systems	1,665	154. Firestone Tire & Rubber	1,000
21. Florida State Board	6,205	88. J.C. Penney Co.	1,663	155. New York Life Insurance	997
22. Pa. School Employees	5,949	89. Louisiana Teachers	1,656	156. Travelers Corp.	993
23. Minnesota SBI	5,202	90. Delta Air Lines Inc.	1,650	157. Oklahoma Teachers	990
24. Sears, Roebuck & Co.	5,100	91. Xerox Corp.	1,650	158. Nat'l Rural Electric Co-op	985
25. Washington State Board	5,000	92. San Francisco City & County	1,640	159. Hercules Inc.	976
26. Teamsters, Central States	4,886	93. Mississippi Public	1,578	160. Getty Oil	969
27. GTE Service Corp.	4,800	94. Tenneco Inc.	1,575	161. McDermott International Inc.	945
28. Eastman Kodak	4,728	95. Northrop Corp.	1,556	162. Operating Engineers	944
29. Teamsters, Western	4,671	96. Illinois SBI	1,555	163. Celanese Corp.	900
30. Boeing Co.	4,392	97. Deere & Co.	1,531	164. Bechtel Power Corp.	898
31. Rockwell International	4,282	98. The LTV Corp.	1,526	165. CIGNA Corp.	892
32. Georgia State Systems	4,214	99. Signal Cos. Inc.	1,516	166. United Presbyterian Church	892
33. United Technologies	4,200	100. R.J. Reynolds Industries	1,514	167. Southern New England Tel.	863
34. Pennsylvania State	4,159	101. Armco Inc.	1,509	168. Reynolds Metals Co.	859
35. University of California	4,012	102. Electrical Workers	1,508	169. Texas Instruments Inc.	850
36. L.A. County Employees	4,000	103. Illinois State Universities	1,501	170. John Hancock Mutual Life	847
37. Shell Pension Trust	3,907	104. General Foods Corp.	1,500	171. Philip Morris Inc.	839
38. Lockheed Corp.	3,810	105. Chrysler Corp.	1,490	172. Arkansas Teachers	826
39. Oregon Public Employees	3,800	106. Grumman Corp.	1,483	173. Greyhound Corp.	826
40. Maryland State Systems	3,757	107. United Methodist Pension	1,467	174. American Can Co.	808
41. McDonnell Douglas	3,723	108. Chicago Teachers	1,465	175. Litton Industries Inc.	803
42. Colorado Public Employees	3,682	109. Conoco Inc.	1,445	176. The Episcopal Ministers	802
43. Illinois Teachers	3,600	110. Ohio Police and Firemen	1,421	177. Dresser Industries	800
44. Alabama Retirement	3,506	111. Dow Chemical Co.	1,400	178. Eaton Corp.	800
45. Westinghouse Electric	3,500	112. Eastern Air Lines	1,400	179. Eli Lilly & Co.	800
46. United Nations Joint Staff	3,394	113. 3M Co.	1,387	180. Halliburton Co.	785
47. Virginia Supplemental	3,275	114. L.A. City Fire & Police	1,382	181. City of Milwaukee	774
48. Allied Corp.	3,200	115. Alaska State System	1,372	182. Philadelphia Municipal	774
49. United Air Lines Inc.	3,170	116. Sun Co.	1,345	183. I.A.M. National Pension	770
50. Arizona State System	3,157	117. Boilermakers, Blacksmiths	1,344	184. Baltimore Retirement	764
51. Mobil Oil Corp.	3,000	118. Owens-Illinois Inc.	1,341	185. Florida Power & Light	760
52. Standard Oil Co. (Ind.)	2,985	119. Dart & Kraft Inc.	1,326	186. Marine Engineers	756
53. Tennessee Consolidated	2,967	120. Kentucky Teachers	1,325	187. L.A. Water & Power	754
54. Standard Oil of California	2,943	121. Ohio School Employees	1,301	188. Sandia National Labs	750
55. Caterpillar Tractor Co.	2,750	122. Martin Marietta Corp.	1,300	189. Teledyne Inc.	742
56. Hughes Aircraft Co.	2,724	123. Pan Am World Airways	1,295	190. American Bar Retirement	731
57. Prudential Insurance	2,654	124. Standard Oil Co. (Ohio)	1,295	191. Abbott Laboratories	730
58. South Carolina Retirement	2,652	125. Aetna Life & Casualty	1,271	192. Indiana State Teachers	727
59. Connecticut Systems	2,600	126. Tennessee Valley Authority	1,266	193. Batus Inc.	725
60. United Mine Workers	2,523	127. Consolidated Edison	1,261	194. Merck & Co.	725
61. General Dynamics	2,517	128. The Southern Co. System	1,250	195. New Mexico Educational	725
62. Atlantic Richfield Co.	2,500	129. TRW Inc.	1,239	196. Ashland Oil Inc.	724
63. Mass. Employ. & Teachers	2,400	130. International Paper Co.	1,237	197. American Electric Power	714
64. Union Carbide Corp.	2,400	131. Raytheon Co.	1,225	198. Warner-Lambert Co.	710
65. Bethlehem Steel Corp.	2,352	132. Kentucky Retirement	1,213	199. Houston Retirement System	705
66. Texas Employees	2,351	133. Marathon Oil Co.	1,200	200. Army and Air Force	703
67. RCA Corp.	2,300	134. Nevada Public Employees	1,200	TOTAL	605,647

Ranking of funds/sponsors 201-1,000

Rank	Fund/sponsor	Location	Assets
201.	Manville Corp.	Denver	691
202.	Montgomery Ward	Chicago	688
203.	North American Philips	New York	686
204.	Montana Board	Helena, Mont.	682
205.	Rohm & Haas	Philadelphia	680
206.	New Mexico Employees	Santa Fe, N.M.	670
207.	Delaware Employees	Dover, Del.	661
208.	Idaho PERS	Boise, Idaho	659
209.	Mich. Muni. Employees	Lansing, Mich.	656
210.	Maine State	Augusta, Maine	655
211.	Bristol-Myers	New York	655
212.	Jewel Companies	Chicago	655
213.	Pacific Lighting	Los Angeles	642
214.	United Tele.	Shawnee Mission	640
215.	Crown Zellerbach	San Francisco	639
216.	N. Calif. Retail Clerks	Walnut Creek	638
217.	Whirlpool Corp.	Benton Hbr., Mich.	636
218.	Union Pacific	New York	635
219.	Manufacturers Hanover	New York	634
220.	Upjohn Co.	Kalamazoo, Mich.	634
221.	Financial Institutions	White Plains, N.Y.	630
222.	Chicago Police	Chicago	629
223.	Federated Dept. Stores	Cincinnati	628
224.	Kaiser-Permanente	Oakland, Calif.	626
225.	Colt Industries	New York	625
226.	Consumers Power	Jackson, Mich.	624
227.	Borg Warner	Chicago	621
228.	Columbia Gas System	Wilmington, Del.	619
229.	American Elect. Power	Columbus, Ohio	616
230.	Timken Co.	Canton, Ohio	616
231.	Colgate-Palmolive	New York	615
232.	Pfizer Inc.	New York	610
233.	B.F. Goodrich	Akron, Ohio	614
234.	Olin Corp.	Stamford, Conn.	606
235.	Texas Utilities	Dallas	604
236.	Chicago Municipal	Chicago	602
237.	CBS Inc.	New York	600
238.	General Tire & Rubber	Akron, Ohio	600
239.	Combustion Engr.	Stamford, Conn.	600
240.	American Cyanamid	Wayne, N.J.	600
241.	Arkansas PERS	Little Rock, Ark.	598
242.	Corning Glass	Corning, N.Y.	591
243.	Scott Paper Co.	Philadelphia	591
244.	Burroughs Corp.	Detroit	585
245.	Dana Corp.	Toledo, Ohio	580
246.	Duke Power	Charlotte, N.C.	579
247.	McGraw-Edison	Rolling Meadows,Ill.	576
248.	NCR Corp.	Dayton, Ohio	575
249.	NADA Retirement Trust	Dayton, Ohio	575
250.	Ok. Public Employees	Oklahoma City	573
251.	Motorola	Corning, N.Y.	564
252.	Champion Intl.	Stamford, Conn.	560
253.	K mart Corp.	Troy, Mich.	560
254.	Wyoming System	Cheyenne, Wyo.	560
255.	Phila. Electric	Philadelphia	557
256.	Dun & Bradstreet	New York	555
257.	W.R. Grace	New York	555
258.	Kaiser Aluminum	Oakland, Calif.	555
259.	Ariz. Public Safety	Phoenix	553
260.	American Standard Inc.	New York	550
261.	Niagara Mohawk Power	Syracuse, N.Y.	550
262.	United Parcel	Greenwich, Conn.	550
263.	Burlington Inds.	Greensboro, N.C.	547
264.	United Food Workers	Chicago	547
265.	Texas Municipal	Austin	541
266.	Boise Cascade	Boise, Idaho	539
267.	InterNorth Inc.	Omaha, Neb.	539
268.	Northwest Airlines	St. Paul, Minn.	535
269.	CIBA-GEIGY	Ardsley, N.Y.	530
270.	Ethyl Corp.	Richmond, Va.	530
271.	Mass. Institute of Tech.	Cambridge, Mass.	529
272.	N.H. Retirement	Concord, N.H.	526
273.	Middle S. Utilities	New Orleans	523
274.	Carpenters, So. Cal.	Los Angeles	522
275.	YMCA	New York	522
276.	Aramco Services	Houston	520
277.	Hallmark Cards	Kansas City, Mo.	520
278.	Brown and Root	Houston	519
279.	Times Mirror	Los Angeles	516
280.	American Red Cross	Washington	515
281.	Retail Employ., Whls.	New York	508
282.	Amax Inc.	Greenwich, Conn.	507
283.	Operating Engrs.#612	Seattle	505
284.	Wayne Co. System	Detroit	501
285.	Consolidated Rail Corp.	Philadelphia	500
286.	Electrical Mfg. Industry	Flushing, N.Y.	500
287.	Johnson and Johnson	New Brunswick, N.J.	500
288.	Minneapolis Employees	Minneapolis	500
289.	Missouri Retirement	Jefferson City, Mo.	494
290.	S. Dakota Retirement	Pierre, S.D.	492
291.	City Investing	New York	488
292.	Control Data	Minneapolis	488
293.	Hoffman LaRoche	Nutley, N.J.	485
294.	Polaroid Corp.	Cambridge, Mass.	480
295.	Singer Co.	Stamford, Conn.	480
296.	Consolidated Nat. Gas	New York	472
297.	Household Intl.	Prospect Hts., Ill.	472
298.	Public Serv. E&G	Newark, N.J.	472
299.	Gen.Public Util.	Parsippany, N.J.	471
300.	Beatrice Foods	Chicago	470
301.	Campbell Soup	Camden, N.J.	467
302.	Central & Southwest	Dallas	463
303.	San Diego County	San Diego	460
304.	Detroit Edison Co.	Detroit	457
305.	Owens-Corning.	Toledo, Ohio	453
306.	Machinists, Natl. HQ.	Washington	453
307.	American Lutheran	Minneapolis	452
308.	American Brands	New York	450
309.	Masters, Mates & Pilots	New York	450
310.	Cooper Industries	Houston	450
311.	Nabisco Brands	Parsippany, N.J.	450
312.	Northeast Utilities	Hartford, Conn.	450
313.	Savings Banks R.S.	New York	450
314.	State Farm Insurance	Bloomington, Ill.	450
315.	Carpenters, N. Cal.	San Francisco	448
316.	Ingersoll Rand	Woodcliff Lake, N.J.	447
317.	Cook County	Chicago	445
318.	Libbey-Owens-Ford	Toledo, Ohio	441
319.	SmithKline Beckman	Philadelphia	440
320.	Sherwin-Williams	Cleveland	439
321.	Food, Comm. Workers	Inglewood, Calif.	438
322.	Farmland Industries	Kansas City, Mo.	437
323.	Fluor Corp.	Irvine, Calif.	437
324.	St. Regis Corp.	New York	436
325.	Operating Engrs. #3	San Francisco	435
326.	IC Industries	Chicago	434
327.	Norfolk Southern	Roanoke, Va.	432
328.	Cummins Engine Co.	Columbus, Ind.	429
329.	N.D. Investment Board	Bismarck, N.D.	429
330.	Operat. Engrs., So. Cal.	Pasadena, Calif.	428
331.	Lutheran Church, Mo.	St. Louis, Mo.	428
332.	Cincinnati Retirement	Cincinnati	425
333.	Safeway Stores Inc.	Oakland, Calif.	421
334.	Kellogg Co.	Battle Creek, Mich.	420
335.	Champion Intl.	Stamford, Conn.	419
336.	Budd Co.	Troy, N.Y.	418
337.	Alameda County Ret.	Oakland, Calif.	418
338.	Armstrong World Ind.	Lancaster, Pa.	418
339.	Avco Corp.	Greenwich, Conn.	418
340.	Schlumberger LTD.	New York	417
341.	NL Industries	New York	415
342.	Laborers, Texas	Dallas	412
343.	Freuhauf Corp.	Detroit	410
344.	Orange County Ret.	Santa Ana, Calif.	409
345.	White Consolidated	Cleveland	408
346.	Sheet Metal Workers	Washington	408
347.	Winn-Dixie Stores	Jacksonville, Fla.	407
348.	El Paso Co.	Houston	405
349.	Farm Credit Inst.	Louisville, Ky.	404
350.	Fairchild Industries	Germantown, Md.	400
351.	J.P. Stevens	New York	400
352.	Emhart Corp.	Hartford, Conn.	400
353.	CSX Corp.	Cleveland	395
354.	Northern States Power	Minneapolis	394
355.	N.E. Teamsters	Boston	393
356.	Mass. Bay Ret.	Boston	390
357.	Ralston Purina	St. Louis	390
358.	Republic Airlines	Minneapolis	390
359.	Avon Products	New York	387
360.	Contra Costa Ret.	Martinez, Calif.	386
361.	Allis-Chalmers	Milwaukee	382
362.	Cincinnati Milacron	Cincinnati	381
363.	Denver School Emps.	Denver	377
364.	Blue Cross	Chicago	375
365.	Milwaukee Retirement	Milwaukee	375
366.	San Diego Employees	San Diego	375
367.	Dallas Retirement	Dallas	373
368.	Southern Pacific	San Francisco	371
369.	SPS Technologies Inc.	Newton, Pa.	370
370.	General Mills Inc.	Minneapolis	370
371.	Neb. State Investment	Lincoln, Neb.	367
372.	Deseret Mutual	Salt Lake City	367
373.	Motion Picture Ind.	Studio City, Calif.	366
374.	Georgia Pacific.	Atlanta	365
375.	Pepsico Inc.	Purchase, N.Y.	363
376.	Dayton Hudson	Minneapolis	363
377.	Teamsters Cent. Pa.	Reading, Pa.	360
378.	Sacramento County	Sacramento, Calif.	359
379.	San Bernardino County	Calif.	359
380.	Time Inc.	New York	359
381.	Kimberly-Clark	Neenah, Wis.	356
382.	American Baptist	New York	352
383.	Rhode Island Ret.	Providence	350
384.	U.S. Air Inc.	Washington	350
385.	Continental Tele.	Atlanta	350
386.	Quaker Oats	Chicago	350
387.	Borden Inc.	New York	345
388.	Great A&P Tea	Montvale, N.J.	345
389.	Peoples Energy	Chicago	345
390.	Baltimore G&E	Baltimore	345
391.	Allied Stores Corp.	New York	343
392.	Levi Strauss	San Francisco	342
393.	Mead Corp.	Dayton, Ohio	342
394.	Panhandle Eastern	Houston	340
395.	Gulf & Western	New York	340
396.	Uniroyal Inc.	Middlebury, Conn.	339
397.	Ex-Cell-O Corp.	Troy, Mich.	338
398.	Stauffer Chemical	Westport, Conn.	336
399.	Harris Corp.	Melbourne, Fla.	331
400.	Westvaco Corp.	New York	330
401.	Chicago Transit	Chicago	330
402.	Norton Co.	Worcester, Mass.	330
403.	Southland Corp.	Dallas	327
404.	Pillsbury Co.	Minneapolis	326
405.	R.R. Donnelly	Chicago	326
406.	General Signal	Stamford, Conn.	325
407.	New England Elect.	Westboro, Mass.	321
408.	Phelps Dodge	New York	320
409.	National Distillers	New York	319
410.	Ohio Edison	Akron, Ohio	319
411.	Weyerhaeuser Co.	Tacoma, Wash.	319
412.	Clothing & Textile	New York	319
413.	Inco Ltd.	New York	318
414.	San Jose City	San Jose, Calif.	318
415.	N.Y. Carpenters	New York	315
416.	Food, Comm. Workers	Washington	313
417.	Cleveland Electric	Cleveland	313
418.	E G and G Inc.	Wellesley, Mass.	311
419.	Santa Fe Inds.	Chicago	310
420.	Memphis City	Memphis, Tenn.	307
421.	Intl. Teamsters	Washington	306
422.	Graphic Comm.	Washington	305
423.	Allegheny Intl.	Pittsburgh	305
424.	Chicago Laborers	Chicago	305
425.	Tektronix Inc.	Beaverton, Ore.	305
426.	Chicago Firemen	Chicago	301
427.	Rexnord Inc.	Milwaukee	301
428.	Air Products	Allentown, Pa.	300
429.	Typographical Union	Colorado Springs	300
430.	Crane Co.	New York	300
431.	Electrical Workers	New York	300
432.	Occidental Petroleum	Los Angeles	300
433.	Pennsy. Light	Allentown, Pa.	297
434.	N.Y. Longshoremen	New York	296
435.	Pitney Bowes	Stamford, Conn.	296
436.	A.O. Smith Corp.	Milwaukee	294
437.	Mich. Consolidated Gas	Detroit	293
438.	F.W. Woolworth Co.	New York	293
439.	Battelle Institute	Columbus, Ohio	292
440.	Alaska Teamsters	Anchorage	292
441.	AMF Inc.	White Plains, N.Y.	291
442.	Schering-Plough Corp.	Kenilworth, N.J.	291
443.	Mars Inc.	Mclean, Va.	290
444.	Transco Energy Co.	Houston	289
445.	Louisiana School	Baton Rouge, La.	289
446.	Midwest Oper. Engrs.	Countryside, Ill.	288
447.	U.S. Gypsum Co.	Chicago	287
448.	Teamsters	Chicago	286
449.	Kroger Co.	Cincinnati	285
450.	Montgomery County	Rockville, Md.	285
451.	Sundstrand Corp.	Rockford, Ill.	283
452.	So. Cal. Pipe Trades	Los Angeles	282
453.	Clark Equipment Co.	Buchanan, Mich.	282
454.	Squibb Corp.	New York	281
455.	So. Cal. Laborers	Los Angeles	281
456.	De Luxe Check Printers	St. Paul, Minn.	281
457.	Allegheny Power	New York	280
458.	McGraw-Hill Inc.	New York	280
459.	Amer. Hosp. Supply	Evanston, Ill.	280
460.	Houston Industries Inc.	Houston	279
461.	R.H. Macy & Co.	New York	278
462.	State-Boston Ret.	Boston	278
463.	Consolidated Foods	Chicago	277
464.	E-Systems Inc.	Dallas	276
465.	Burlington North.	Seattle	275
466.	ENSERCH Corp.	Dallas	275
467.	Pennwalt Corp.	Philadelphia	275
468.	Wheeling-Pittsburgh	Pittsburgh	275
469.	May Depart. Stores	St. Louis	273
470.	Western Pa. Teamsters	Pittsburgh	270
471.	Digital Equipment	Maynard, Mass.	269
472.	Screen Actors	N. Hollywood	268
473.	Emerson Electric Co.	St. Louis	268

Ranking of funds/sponsors 201-1,000

Rank	Fund/sponsor	Location	Assets
474.	Amstar Corp.	New York	267
475.	CPC International	Englewood Cliffs	267
476.	National Maritime	New York	267
477.	Cincinnati G&E	Cincinnati	266
478.	American Musicians	New York	266
479.	Union Electric	St. Louis	266
480.	ICI Americas	Wilmington, Del.	266
481.	Arthur D. Little	Cambridge, Mass.	266
482.	Gillette	Boston	266
483.	Coca Cola	Atlanta	265
484.	Union Electric	St. Louis	264
485.	Inter-Local GCIU	Chicago	264
486.	Baltimore County	Baltimore	263
487.	Miami Employees	Miami	260
488.	Cincinnati Bell	Cincinnati	260
489.	Aerospace Corp.	El Segundo, Calif.	260
490.	United Cement	Elk Grove Vil., Ill.	260
491.	Sonat Inc.	Birmingham, Ala.	256
492.	Vermont State	Montpelier, Vt.	256
493.	Atlanta Retail Clerks	Atlanta	256
494.	Union Camp Corp.	Wayne, N.J.	256
495.	American Motors	Southfield, Mich.	255
496.	Koppers Co.	Pittsburgh	254
497.	SCM Corp.	New York	252
498.	Continental Air	Houston	251
499.	Roadway Express	Akron, Ohio	250
500.	Ralph M. Parsons	Pasadena, Calif.	250
501.	Hormel & Co.	Austin, Minn.	250
502.	Tribune Co.	Chicago	250
503.	Seattle Employees	Seattle	250
504.	Savings Banks Employ.	Boston	250
505.	Painters & Allied Trades	Washington	246
506.	Lever Bros.	New York	249
507.	Amp Inc.	Harrisburg, Pa.	245
508.	Gt. North. Nekoosa	Stamford, Conn.	245
509.	Walgreen Co.	Deerfield, Ill.	245
510.	Laborers, Construction	Forest Park, Ill.	245
511.	Anchor Hocking	Lancaster, Ohio	244
512.	Lumber & Sawmill	Portland, Ore.	242
513.	Marsh & McLennan	New York	241
514.	Carpenter Tech.	Reading, Pa.	240
515.	Oscar Mayer	Madison, Wis.	240
516.	Pennzoil	Houston	239
517.	Teamsters Conference	Utica, N.Y.	238
518.	Amsted Industries	Chicago	237
519.	Building Trades	Milwaukee	237
520.	Heinz	Pittsburgh	237
521.	Missouri Employees	Jefferson City	237
522.	Stone & Webster	New York	237
523.	Seafarers, Great Lakes	Camp Springs, Md.	237
524.	Amer. Nat'l Resources	Detroit	235
525.	Minneapolis Teach.	Minneapolis	235
526.	San Diego Gas & Elec.	San Diego	234
527.	Calif. Butcher's	Oakland, Calif.	233
528.	Northern Ill. Gas	Aurora, Ill.	233
529.	Ogden	New York	233
530.	American TV & Radio	New York	232
531.	Presby. Church (USA)	Atlanta	232
532.	Nalco Chemical	Oak Brook, Ill.	230
533.	Anheuser-Busch	St. Louis	232
534.	ASARCO Inc.	New York	230
535.	Cabot Corp.	Boston	229
536.	Marriott	Washington	228
537.	Gould Inc.	Rolling Meadows	228
538.	Amer. Broadcasting	New York	227
539.	Reader's Digest	Pleasantville, N.Y.	226
540.	Brunswick Corp.	Skokie, Ill.	226
541.	Ventura County Empl.	Ventura, Calif.	226
542.	Norton Simon	New York	226
543.	Akzona Inc.	Asheville, N.C.	225
544.	Blue Bell Inc.	Greensboro, N.C.	225
545.	Allen-Bradley Co.	Milwaukee	224
546.	Fresno County Empl.	Fresno, Calif.	224
547.	Graphic Arts	Washington	224
548.	Milliken	Chicago	224
549.	Container Corp.	Chicago	221
550.	McKesson Corp.	San Francisco	220
551.	Champion Spark Plug	Toledo, Ohio	219
552.	Amer. Home Products	New York	219
553.	American Medical Assn.	Chicago	219
554.	Baxter Travenol	Deerfield, Ill.	218
555.	Serv. Empl. Local #32	New York	218
556.	S.Ca. Rapid Transit	Los Angeles	217
557.	Va. Electric & Power	Richmond	217
558.	Fort Worth Employees	Texas	216
559.	Wisc. Electric	Milwaukee	211
560.	Jos. Seagram	New York	215
561.	Joy Manufacturing	Pittsburgh	215
562.	Tex. East. Transmission	Houston	215
563.	GK Technologies	Greenwich, Conn.	215
564.	Mercantile Stores	New York	215
565.	American Stores	Salt Lake City	215
566.	Maritime Assn.-I.L.A.	Houston	214
567.	Atlanta Employees	Atlanta	212
568.	Coastal Corp.	Houston	211
569.	Rapid American Corp.	New York	211
570.	Amfac Inc.	San Francisco	210
571.	Lear Siegler	Santa Monica	210
572.	Becton Dickinson	Paramus,N.J.	209
573.	AMCA International	Hanover, N.H.	209
574.	Nat. Auto. Sprinkler Ind.	Silver Spring, Md.	208
575.	Western Air	Los Angeles	207
576.	GrandMet USA	Montvale, N.J.	207
577.	Jacksonville Emps.	Jacksonville, Fla.	206
578.	Interlake	Oakbrook, Ill.	206
579.	Kern Employees	Bakersfield, Calif.	205
580.	Jim Walter Corp.	Tampa, Fla.	205
581.	Boy Scouts	Irving, Texas	204
582.	Gates Corp.	Denver	204
583.	Grayba Electric	St. Louis	204
584.	ICMA Corp.	Washington	204
585.	S.C. Johnson	Racine, Wis.	203
586.	Texas Gas Trans.	Owensboro, Ky.	203
587.	Sheet Metal Workers	Los Angeles	203
588.	Cleveland-Cliffs	Cleveland	200
589.	Diamond Intl.	New York	200
590.	GATX Corp.	Chicago	200
591.	Outboard Marine	Waukegan, Ill.	200
592.	Colo. Public Service	Denver	200
593.	San Mateo Employees	Redwood City, Calif.	200
594.	District 65-U.A.W.	New York	200
595.	Colo. Fire & Police	Denver	200
596.	Airco	Montvale, N.J.	200
597.	Carpenters, Ill.	Geneva, Ill.	200
598.	Carolina Power	Raleigh, N.C.	199
599.	Printing Pressman	Los Angeles	197
600.	Dallas Police & Fire	Dallas	197
601.	Briggs & Stratton	Milwaukee	197
602.	Operating Engineers	Countryside, Ill.	197
603.	Denver Employees	Denver	196
604.	Rohr Industries	Chula Vista, Calif	196
605.	Paper Industry	Nashville	196
606.	Memphis Light	Memphis, Tenn	195
607.	Sterling Drug Inc.	New York	195
608.	Belk, Leggett & Efird	Charlotte, N.C.	195
609.	Lukens Inc.	Coatsville, Pa.	194
610.	Sandoz Inc.	East Hammer, N.J.	194
611.	Centel Corp.	Chicago	192
612.	Inter-American Bank	Washington	192
613.	Maytag Co.	Newtown, Iowa	191
614.	Tecumseh Products	Tecumseh, Mich.	191
615.	Ohio Laborers AGC	Columbus, Ohio	191
616.	Johnson & Higgins	New York	191
617.	National Fuel Gas Co.	New York	191
618.	Flint Employees	Flint, Mich.	190
619.	Laborers, Nat. Hdqtrs.	Washington	190
620.	Amerada Hess	New York	190
621.	Longshoremen	Baltimore	189
622.	Piedmont Aviation	Winston-Salem, N.C.	188
623.	Flying Tiger Lines	Los Angeles	187
624.	Carpenters	Detroit	186
625.	Boston Edison Co.	Boston	185
626.	St. Louis Public School	St. Louis	184
627.	Hartford Employees	Hartford, Conn.	184
628.	Freeport-McMoran	N.J.	183
629.	Newmont Mining	N.J.	182
630.	Chicago Food Workers	Chicago	180
631.	Typographical Union	Chicago	179
632.	Diamond Shamrock	Irving, Texas	177
633.	Potlatch Corp.	San Francisco	177
634.	Columbus Electric	Columbus, Ohio	176
635.	Upholsters Int. Union	Philadelphia	176
636.	Gerber Products Co.	Fremont, Ill.	175
637.	Brooklyn Union Gas	Brooklyn, N.Y.	175
638.	Mass. Carpenters	Burlington, Mass.	175
639.	East St. Louis School	East St. Louis, Ill.	175
640.	Washington Gas Light	Washington	175
641.	Kaiser Steel	Fontana, Calif.	174
642.	Western Union	Upper Saddle, N.J.	174
643.	Operating Engineers	Birmingham, Mich.	173
644.	Norfolk Employees	Norfolk, Va.	173
645.	Public Employees	Hammond, Ind.	173
646.	Rochester Gas	New York	172
647.	Pittston Co.	Greenwich, Conn.	172
648.	Wash. Metal Traders	Seattle	171
649.	Teamsters	Philadelphia	171
650.	New York Electric	Ithaca, N.Y.	170
651.	Stroh Brewery	Detroit	171
652.	Adolph Coors	Golden, Colo.	171
653.	United Energy	Houston	170
654.	Pacific Maritime Assn.	San Francisco	170
655.	Moorman Mfg.	Quincy, Ill.	169
656.	Baton Rouge Emp.	Baton Rouge, La.	167
657.	Illinois Power	Decatur, Ill.	167
658.	Teams.560, 617, 641	Union City, N.J.	167
659.	Zenith Radio	Glenview, Ill.	167
660.	Wickes Companies	Santa Monica, Calif.	166
661.	Alco Standard	Valley Forge, Pa.	165
662.	International Minerals	Mundelein, Ill.	166
663.	Longshoremen	San Francisco	165
664.	Texas Gulf	Stamford, Conn.	165
665.	Johnson Controls	Milwaukee	165
666.	Sacramento Employees	Calif.	164
667.	Commerce Clearing	Chicago	164
668.	Florida Power Corp.	St. Petersburg, Fla.	164
669.	National Industrial	Newark, N.J.	164
670.	Superior Oil	Houston	164
671.	Cincinnati Milacron	Cincinnati	164
672.	Federal-Mogul	Detroit	163
673.	Hershey Foods	Hershey, Pa.	163
674.	AM International	Chicago	163
675.	Iron Workers	San Francisco	163
676.	Sybron Corp.	Rochester, N.Y.	162
677.	Arlington Employees	Arlington, Va.	162
678.	BASF Wyandotte	Parsippany, N.J.	162
679.	Frontier Airlines	Denver	161
680.	Kerr-McGee	Oklahoma City	161
681.	Mayo Foundation	Rochester, Minn.	161
682.	Austin Employees	Texas	160
683.	Cone Mills	Greensboro, N.C.	160
684.	Hearst Corp.	New York	160
685.	Gleason Works	Rochester, N.Y.	160
686.	Knight-Ridder	Miami	160
687.	Voluntary Hospitals	New York	160
688.	Springs Industries	Fort Mills, S.C.	160
689.	Sanders Assoc.	Nashua, N.H.	159
690.	Phoenix Employees	Phoenix, Ariz.	159
691.	Pacific Power	Portland, Ore.	158
692.	Equifax Inc.	Atlanta, Ga.	158
693.	Marmon Group	Chicago	158
694.	Cyclops	Pittsburgh	157
695.	Howmet Aluminum	Greenwich, Conn.	157
696.	CARGILL Inc.	Minneapolis	155
697.	Major League Players	New York	155
698.	Carpenters	Chicago	155
699.	Arkla Inc.	Shreveport, La.	154
700.	Iron Workers, Ohio	Dayton, Ohio	154
701.	Tandy	Fort Worth, Texas	154
702.	Square D.	Palatine, Ill.	153
703.	Vulcan Materials	Birmingham, Ala.	152
704.	Cameron Iron Works	Houston	152
705.	Carpenters	Cleveland	152
706.	Armstrong Rubber	New Haven, Conn.	152
707.	United Brands	New Jersey	151
708.	Carnation	Los Angeles	151
709.	Cal. Service Employees	San Francisco	151
710.	Beech Aircraf	Wichita, Kan.	150
711.	Publix Super Market	Lakeland, Fla.	150
712.	Park Employees	Chicago	150
713.	National Car	Chicago, Ill.	150
714.	Stanley Works	New Britain, Conn.	150
715.	Cultural Institutions	New York	150
716.	Gannett	Rochester, N.Y.	150
717.	Deseret Mutual	Salt Lake City	149
718.	Hughes Tool Co.	Houston	149
719.	Acme-Cleveland	Cleveland	149
720.	Morrison-Knudsen	Boise, Idaho	148
721.	Acco Babcock	Fairfield, Conn.	148
722.	Ill. Tool Works	Chicago	147
723.	Curtiss-Wright	Woodridge, N.J.	147
724.	Duquesne Light	Pittsburgh	146
725.	Nestle	White Plains, N.Y.	146
726.	Capital Holding Corp.	Louisville, Ky.	146
727.	Brockway Inc.	Brockway, Pa.	146
728.	Bankers Life	Chicago	145
729.	Salt River Project	Tempe, Ariz.	145
730.	Utah Power	Salt Lake City	145
731.	Kansas City Empl.	Kansas City	144
732.	Texstar	Grand Prairie, Texas	144
733.	Royal Indemnity	New York	144
734.	Anderson, Clayton	Houston	143
735.	Potomac Electric	Washington	143
736.	Arthur Andersen & Co.	Chicago	143
737.	Thomas J. Lipton	Englewood Cliffs	143
738.	Navy Resale System	Staten Island, N.Y.	143
739.	Continental Grain Co.	New York	142
740.	Chubb	New York	142
741.	Intl. Bricklayers	Washington	142
742.	Caltex	Dallas	142
743.	Tampa Employees	Tampa, Fla.	141
744.	Santa Fe International	Alhambra, Calif.	141
745.	Mobay Chemical	Pittsburgh	141
746.	Delmarva Power & Light	Wilmington, Del.	141

Ranking of funds/sponsors 201-1,000

Rank	Fund/sponsor	Location	Assets
747.	Brown Group	St. Louis, Mo.	140
748.	Phila. Carpenters	Philadelphia	140
749.	Daniel International	Greenville, S.C.	140
750.	Dravo	Pittsburgh	140
751.	Electrical Contractors	Chicago	140
752.	Plumbers & Pipefitters	Chicago	140
753.	Bricklayers Intl.	Washington	140
754.	National Gypsum	Dallas	140
755.	Hospital Corp	Nashville, Tenn.	139
756.	Castle & Cooke	San Francisco	138
757.	Hawaiian Electric	Honolulu	138
758.	Oklahoma Gas	Oklahoma City	138
759.	IBEW Local #1186	Honolulu	138
760.	Univ. of Minnesota	St.Paul	138
761.	Mitre Corp.	Bedford, Mass.	138
762.	Agway Inc.	Syracuse, N.Y.	137
763.	Birmingham Employees	Birmingham, Ala.	137
764.	ARA Services	Philadelphia	137
765.	Oakland Police	Calif.	137
766.	New York Times	New York	137
767.	A.C. Nielson Co.	Northbrook, Ill.	135
768.	Baltimore Retail Clerks	Baltimore	136
769.	Missouri Highway	Jefferson City, Mo.	136
770.	Steelcase Inc.	Grand Rapids, Mich.	135
771.	Texas Iron Workers	Houston	135
772.	Consolidated Papers	Wisconsin Rapids	135
773.	St.Joe Minerals Corp.	New York	134
774.	Fresno Employees	Fresno, Calif.	134
775.	Foxboro Co.	Foxboro, Mass.	134
776.	National Telephone	Washington	134
777.	Hanna Mining	Cleveland	133
778.	James River Corp.	Richmond, Va.	133
779.	Western Greyhound	San Francisco	133
780.	Warner Comm.	New York	133
781.	Williams Cos.	Tulsa, Okla.	133
782.	Richardson-Vicks Inc.	Wilton, Conn.	133
783.	Pickands Mather & Co.	Cleveland	132
784.	Marine Engineers	Brooklyn	132
785.	Associated Dry Goods	New York	132
786.	Loews Corp.	New York	132
787.	Kansas City Power	Kansas City, Mo.	131
788.	American Horchst	Somerville, N.J.	130
789.	First Boston	New York	130
790.	Carpenters of Penn.	Pittsburgh	130
791.	Grand Union	Elmwood Park, N.J.	130
792.	Midland-Ross	Cleveland	130
793.	St.Paul Teacher's	St.Paul, Minn.	130
794.	Wang Labs.	Lowell, Mass.	130
795.	Foster Wheeler	Livingston, N.J.	129
796.	Trane Co.	La Crosse, Wis	129
797.	Public Service Indiana	Plainfield, Ind.	128
798.	St. Louis Employees	St.Louis	128
799.	No. Calif. Laborers	San Francisco	128
800.	Insurance Co.	New York	128
801.	Hammermill Paper	Erie, Pa.	127
802.	Davy Inc.	Cleveland	127
803.	McDonald's Corp.	Oak Brook, Ill.	126
804.	Fairfax County	Fairfax, Va.	126
805.	Harnischfeger	Milwaukee	126
806.	Dayton Power	Dayton, Ohio	126
807.	Rochester Telephone	New York	126
808.	Wean United	Youngstown, Ohio	125
809.	A.B. Dick Co.	Chicago	126
810.	Humana Inc.	Louisville, Ky.	125
811.	Copperweld	Pittsburgh	125
812.	Auto Workers	Detroit	125
813.	Alexander & Alexander	Baltimore	125
814.	Lone Star Industries	Greenwich, Conn.	125
815.	Santa Barbara Empl.	California	125
816.	Teamsters Local #701	North Brunswick	125
817.	Houdaille Industries	Ft. Lauderdale, Fla.	125
818.	North Dakota Empl.	Bismarck, N.D.	125
819.	Western Wash. Carp.	Seattle	124
820.	Steelworkers	Pittsburgh	123
821.	Operating Engrs.	Newark, N.J.	123
822.	Interco Inc.	St.Louis	123
823.	St. Joaquin Employees	Stockton, Calif.	123
824.	Retail Workers, Drug	Madison Heights	123
825.	Louisana Pacific Co.	Portland, Ore.	122
826.	Mapco Inc.	Tulsa, Okla.	121
827.	Hiram Walker & Sons	Detroit	121
828.	Puget Sound Power	Bellevue, Wash.	121
829.	Peabody Holding Co.	St.Louis	121
830.	Cessna Aircraft Co.	Wichita, Kan.	121
831.	So. Ca. Auto Club	Los Angeles	120
832.	Longshoremen	New Orleans, La.	120
833.	Varian Assoc.	Palo Alto, Calif.	120
834.	Burroughs Wellcome	Research Tri., N.C.	120
835.	Signode Industries	Glenview, Ill.	119
836.	Revere Copper & Brass	New York	119
837.	Fort Howard Paper	Green Bay, Wis.	119
838.	Arizona Public Service	Phoenix, Ariz.	119
839.	Marin County Emps.	San Rafael, Calif.	119
840.	Electrical Workers	Anchorage, Alaska	119
841.	West. Penn. Laborers	Pittsburgh	119
842.	NVF Co.	Yorklin, Del.	119
843.	Thiokol Corp.	Newtown, Pa.	118
844.	Sheet Metal Workers	Dublin, Calif.	118
845.	St. Louis Police	St.Louis	118
846.	Ideal Basic Industs.	Denver	118
847.	Oakland County Empl.	Pontiac, Mich.	117
848.	ACF Industries	New York	116
849.	American Petrofina Inc.	Dallas	115
850.	IU International Corp.	Philadelphia	115
851.	Reliance Electric Co.	Cleveland	115
852.	Gulf States Utilities	Beaumont, Texas	115
853.	Arkansas Highway	Little Rock	115
854.	Iron Workers	Newark, N.J.	115
855.	Stanadyne	Windsor, Conn.	114
856.	Media General	Richmond, Va.	114
857.	Shelby Employees	Memphis, Tenn.	114
858.	Toledo Edison	Toledo, Ohio	114
859.	TPF&C	Philadelphia	114
860.	McKinsey & Co.	New York	113
861.	Dan River	Toledo, Ohio	113
862.	So. Calif. Plasterers	Los Angeles	113
863.	Atlantic City Electric Co.	Pleasantville, N.J.	112
864.	Morton-Thiokol Inc.	Chicago	112
865.	Wis. Public Service	Green Bay, Wis.	112
866.	Jos. Schlitz Brewing	Milwaukee	112
867.	Harsco	Camp Hill, Pa.	112
868.	U.S. Automobile Assn.	San Antonio, Texas	111
869.	Grange Mutual	Nampa, Idaho	111
870.	Teamsters 395	Phoenix	111
871.	William Wrigley Jr. Co.	Chicago	111
872.	Mi. Blue Cross	Detroit	110
873.	W.W. Grainger	Skokie, Ill.	110
874.	Chesebrough-Ponds	Greenwich, Conn.	110
875.	Bangor Punta	Greenwich, Conn.	110
876.	Witco Chemical	New York	110
877.	Yellow Freight	Shawnee Mission	109
878.	Kansas City School	Kansas City, Mo.	109
879.	Northwestern Steel	Sterling, Ill.	108
880.	Bucyrus-Erie	Milwaukee	108
881.	Oper. Engineers	Washington	108
882.	Norris Industries	Long Beach, Calif.	108
883.	Minnegasco Inc.	Minneapolis	107
884.	Pioneer Corp.	Amarillo, Texas	107
885.	Variable Annuity Life	Houston	107
886.	SKF Industries	King of Prussia, Pa.	107
887.	Leo Burnett Co.	Chicago	106
888.	Beneficial	Wilmington, Del.	106
889.	Lincoln Electric	Cleveland	105
890.	Louisana Land	New Orleans	105
891.	Paccar Inc.	Bellevue, Wash.	105
892.	Oper. Engrs. #18	Columbus, Ohio	105
893.	St. Louis Firemen	St. Louis	105
894.	Black & Decker	Towson, N.J.	105
895.	American Int. Group	New York	105
896.	Figgie International	Richmond, Va.	104
897.	Hyster Co.	Portland, Ore.	104
898.	Wickita Employees	Wichita, Kan.	104
899.	Ambac Industries	Dearborn, Mich.	104
900.	Commonwealth Energy	Cambridge, Mass.	104
901.	Machinists #9	Bridgeton, Mo.	103
902.	Mass. Gen. Hosp.	Boston	103
903.	Nat. Football League	New York	103
904.	Ladish Co.	Cudahy, Wis.	103
905.	Thyssen-Bornemisza	New York	103
906.	Retail Clerks	Los Angeles	102
907.	Dow Jones	New York	102
908.	Wisconsin Gas	Milwaukee	102
909.	Omaha Public Power	Omaha, Neb.	102
910.	Central Ill. Light	Peoria, Ill.	102
911.	Tacoma Employees	Tacoma, Wash.	102
912.	Arvin Industries	Columbus, Ind.	101
913.	Sheller-Globe	Toledo, Ohio	101
914.	A.E. Staley	Decatur, Ill.	101
915.	N.Y. Stock Exchange	New York	101
916.	Tampa Gen. Employees	Tampa, Fla.	101
917.	Ill.Carpenters	Geneva, Ill.	101
918.	GAF Corp.	New York	100
919.	Sealed Power	Muskegon, Mich.	100
920.	YWCA Employees	New York	100
921.	Mass. Laborers	Newton, Mass.	100
922.	Southwest Airlines	Dallas	100
923.	Syntex	Palo Alto, Calif.	100
924.	Masco Corp.	Taylor, Mich.	100
925.	San Antonio Firemen	San Antonio, Texas	100
926.	Methodist Church	New York	100
927.	Univ. of So. Cal.	Los Angeles	100
928.	Lowe's Companies	N. Wilkesboro, N.C.	100
929.	Pontiac Employees	Pontiac, Mich.	100
930.	Wal-Mart Stores	Bentonville, Ariz.	100
931.	Dayco Corp.	Dayton, Ohio	99
932.	Wyman-Goodman	Worcester, Mass.	99
933.	Parker-Hannifin	Cleveland	99
934.	Barnes Group	Bristol, Conn.	99
935.	Automotive Industries	Oakland	98
936.	Machinists, Local #701	Chicago	98
937.	Summa Corp.	Las Vegas	97
938.	Va. Teamsters #83	Richmond, Va.	97
939.	U.S. Bora	Los Angeles	97
940.	Revlon	New York	97
941.	Bowater Corp.	Greenwich, Conn.	97
942.	Alaska Carriers	Seattle	97
943.	Bell & Howell	Chicago	97
944.	Rubbermaid	Wooster, Mass.	97
945.	Richmond Employees	Richmond, Va.	96
946.	Lubrizol	Wickliffe, Ohio	96
947.	Ohio Casualty Group	Hamilton, Ohio	96
948.	Cannon Mills	Kannapolis, N.C.	96
949.	Hartmarx	Chicago	96
950.	Manitowoc Co.	Manitowoc, Wis.	95
951.	Pennsylvania Municipal	Harrisburg, Pa.	95
952.	Arthur Young	New York	95
953.	Amica Mutual	Providence, R.I.	95
954.	Machinists #67	Washington	95
955.	Whittaker	Los Angeles	95
956.	Eagle-Picher	Cincinnati	94
957.	Operating Engingeers	Norristown, Pa.	94
958.	Commercial Credit Co.	Baltimore	94
959.	Screen Extras, Actors	New York	94
960.	Dillingham	Honolulu	94
961.	Simpson Timber	Seattle	94
962.	MCA Inc.	Universal City, Calif.	93
963.	Directors Guild	Los Angeles	93
964.	Alexander & Baldwin	Honolulu	93
965.	Stanislaus County	Modesto, Calif.	93
966.	Iron Workers #25	Birmingham, Mich.	93
967.	Long Island Lighting	Mineola, N.Y.	92
968.	E.W. Scripps	Cincinnati	92
969.	Mohasco	Amsterdam, N.Y.	92
970.	Prentice Hall	Englewood Cliffs	92
971.	Grtr. Cleveland Hosp.	Cleveland	92
972.	Scovill	Waterbury, Conn.	92
973.	Washington Post	Washington	92
974.	American Cancer	New York	92
975.	Certainteed Corp.	Valley Forge, Pa.	91
976.	Nat. Starch & Chemical	Bridgewater, N.J.	91
977.	Food Workers #174	New York	91
978.	Teamsters Local #330	West Chicago, Ill.	91
979.	Plumbers, Local #638	New York	91
980.	CENEX	Inver Grove, Minn.	90
981.	Wyatt Co.	Washington	90
982.	Combined Insurance	Northbrook, Ill.	90
983.	Courier-Journal	Louisville, Ky.	90
984.	Univ. of Miami	Coral Gables, Fla.	90
985.	Bricklayers	New York	90
986.	Cent. Ill. Pub. Serv.	Springfield, Ill.	89
987.	Reliance Group	New York	89
988.	El Paso Employees	El Paso, Texas	89
989.	Liberty Mutual Ins.	Boston	89
990.	Goldman Sachs	New York	88
991.	Omaha School Empl.	Omaha, Neb.	88
992.	Raymond International	Houston	88
993.	Hotel Trades Council	New York	88
994.	White Castle System	Columbus, Ohio	88
995.	Gries Dynacast	New Rochelle, N.Y.	88
996.	Service Empl. #144	New York	88
997.	Laborers, Masons	New York	88
998.	Iron Workers	Washington	87
999.	Indianapolis Power	Indianapolis	87
1000.	Jack Eckerd Corp.	Clearwater, Fla.	87

On the following pages, *Pensions & Investment Age* presents sketches of the nation's 200 largest pension funds. Included is a listing of their money managers, the allocation of their assets, names of their key investment personnel and highlights of news events at each pension fund during the past year.

a

Abbott Laboratories

($ millions)	
Total assets	730
Pension	380
Profit-sharing	0
Thrift or savings	350
Employer contributions	29
Benefit payments	10

CHICAGO — Abbott Laboratories had $730 million tax-exempt assets as of Sept. 30: $380 million in the pension plan and $350 million in the savings plan. Stocks make up 56% of the portfolio; bonds, 25%; cash, 9%; and equity real estate, 10%.

The fund has no alternative investments, but a $75 million fixed-income portfolio is managed internally.

Equity managers: Jennison & Associates Capital Corp.; Hagler, Mastrovita & Co. Inc. and Rosenberg Capital Management.

Bond manager: Rosenberg Capital Management.

Real estate manager: Equitable Life Assurance.

Continental Illinois Bank & Trust Co. of Chicago is master trustee.

A.G. Olsen is director-employee financial programs.

Aetna Life & Casualty

($ millions)	
Total assets	1,271
Pension	949
Profit-sharing	0
Thrift or savings	322
Employer contributions	69
Benefit payments	54

HARTFORD, Conn. — Aetna Life & Casualty's total employee benefit assets increased by 30% for the year ended Sept. 30.

Total assets were $1.271 billion compared with 1982 assets of $975 million.

Of the total, the pension plan held $949 million, while $315.6 million was in the thrift/savings plan and $6.4 million was the retirement savings or company individual retirement account plan.

All of the pension funds are managed internally at Aetna.

There are roughly $39 million in GICs as well. About 28.3% of total assets is allocated to the insurance company's general asset account, while 4.2% of the total is in long-term guaranty accounts.

Foreign investments constitute about 2.7% of total assets. The entire amount consisted of $25 million in international equities.

The Aetna fund used options as a hedging device for their pension plan investments.

The approximate asset mix was 53.4% stocks, 6.7% bonds, 1.2% cash equivalents, 4.9% real estate equity, and 1.3% mortgages, 28.3% other and 4.2% GICs.

Key individuals in the organization who oversee the investment of funds are Donald G. Conrad, executive vice president and chief financial officer; John C. Lang, vice president and treasurer; and Peter G. Russell, vice president-bond investment division.

Alabama Retirement Systems

($ millions)	
Total assets	3,506
Pension	3,506
Profit-sharing	0
Thrift or savings	0
Employer contributions	228
Benefit payments	171

MONTGOMERY, Ala. — The Retirement Systems of Alabama continued to aggressively finance in-state businesses, making a 15-year, $25 million loan to a United Technologies subsidiary for expansion of factory and office space.

The fund also lent $79 million as part of a $285 million private placement for financing the mortgage on Mellon Bank's new headquarters in Pittsburgh. The internally managed $3.5 billion fund comprises two plans, the $2.4 billion Teachers Retirement System and the $1.1 billion Employees Retirement System. The fund, as a whole, grew 16.2% in the year ending Sept. 30.

As of Sept. 30, the asset mix for the combined systems was 3% stocks, 55.5% bonds, 6.9% cash equivalents and 34% mortgages. Another 0.6%, or $20 million, was invested in GICs purchased from New England Mutual Life.

The fund uses options. The systems also maintain an IRA program for the public employees.

David G. Bronner is secretary-treasurer; Gary Partridge is director of equities; and Cheryl Duke and Hunter Reaves are directors of fixed income.

Alaska State Retirement System

($ millions)	
Total assets	1,372*
Pension	1,372
Profit-sharing	0
Thrift or savings	0
Employer contributions	154
Benefit payments	59

*As of Aug. 31, 1983

JUNEAU, Alaska — The Alaska State Retirement System hired Citibank and Morgan Guaranty Trust as international equity managers in May.

As of Aug. 31, combined pension assets of the Public Employees Retirement System and the Teachers Retirement System increased 18% to almost $1.4 billion from $1.2 billion the previous year.

The public employees assets total $816 million, and the teachers' assets are $556 million. Of the combined total, $1.1 billion is managed internally by the two funds with $725.6 million in fixed income, and $385.8 million in mortgages. The teachers system still holds $14 million in gold.

Equity managers: Alliance Capital Management and Morgan Guaranty Trust.

International managers: Citibank and Morgan Guaranty Trust.

Equity real estate managers: John Hancock, Aetna, Prudential and Equitable.

The Bank of America is master trustee.

As of Aug. 31, the combined asset mix was 14% stocks, 46% bonds, 7% cash, 5% equity real estate and 28% mortgages.

James Wilson, investment officer, Marty Lentz, investment officer, and Milt Barker, deputy commissioner, oversee the investment management of the funds.

Allied Corp.

($ millions)	
Total assets	3,200
Pension	2,600
Profit-sharing	0
Thrift or savings	600
Employer contributions	240
Benefit payments	0

MORRISTOWN, N.J. — As a result of Allied Corp.'s takeover of Bendix Corp. in 1982, total employee benefit assets more than tripled in the year to $3.2 billion as of Sept. 30.

Five former managers were dropped from various accounts during the consolidation.

A comparison with last year's survey shows equity managers Chesapeake Capital and Lord, Abbett, have joined the team.

It also added oil and gas partnerships to a range of investments including options, venture capital, financial futures, international equities and real estate.

Equity managers: Bankers Trust; Batterymarch; BMI Capital; Capital Guardian; Chesapeake Capital; Delaware Investment; Lincoln Capital; Lord, Abbett; Lynch & Mayer; MacKay-Shields; NSR Management; Verus Capital; Weiss, Peck & Greer.

Bond managers: Morgan Guaranty Trust and Solomon Asset Management.

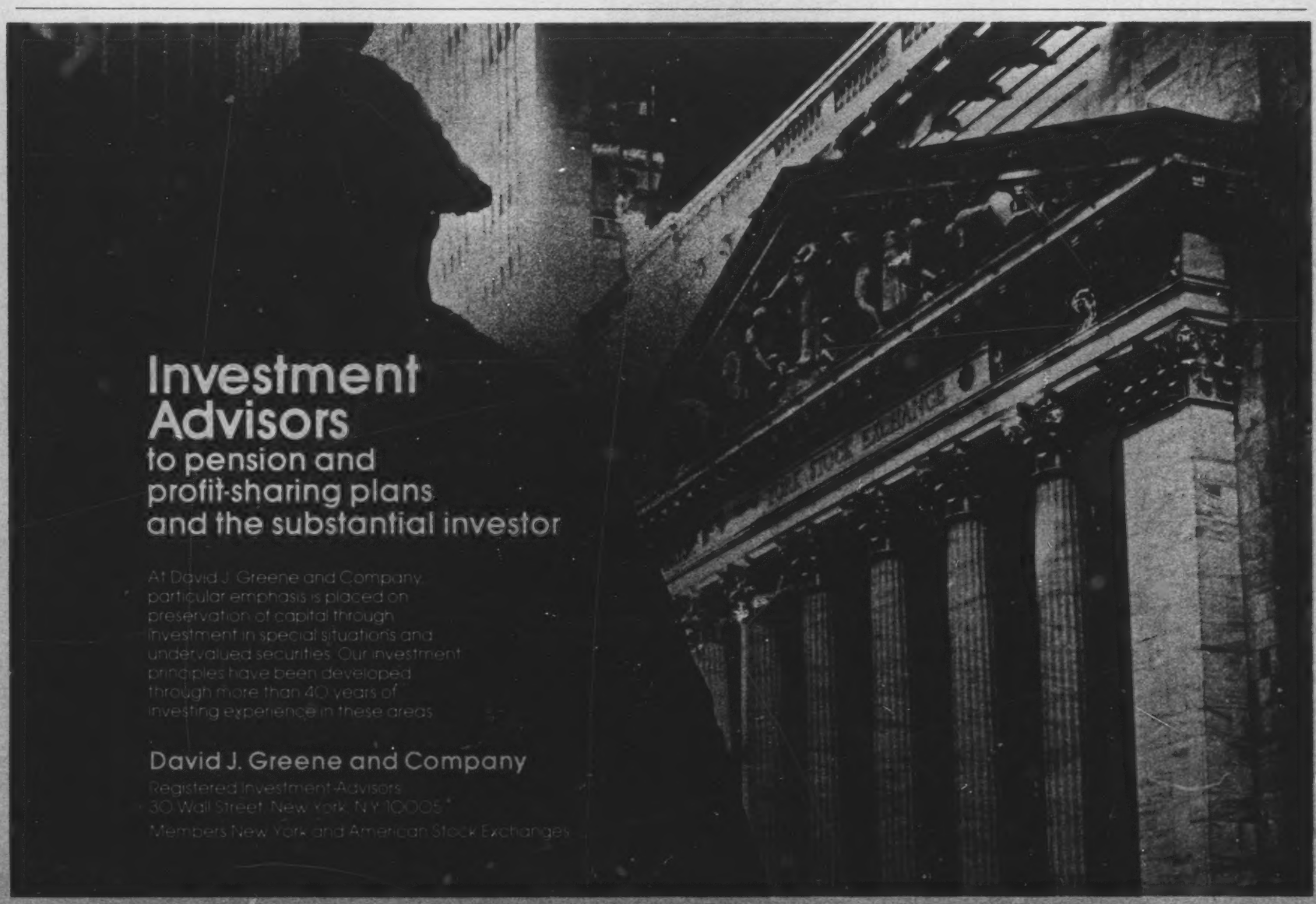
Real estate managers: Aetna Life; Equitable Life; John Hancock; Prudential Insurance; Travelers Insurance; and RREEF.

Options manager: Balch, Hardy & Sheinman.

International managers: Kleinwort, Benson and Morgan Grenfell.

The approximate asset mix was 56% stocks, 22% bonds, 10% cash equivalents; 8% real estate equity; and 4% international.

Northern Trust is master trustee for the pension plans; State Street Bank is master trustee for the savings plan.



Key personnel are Harold W. Buirkle, senior vice president and chief financial officer; Nicholas A. Cameron, vice president-planning and development; and Edward T. Tokar, director-investments.

Aluminum Co. of America

	($ millions)
Total assets	1,816
Pension	1,576
Profit-sharing	0
Thrift or savings	240
Employer contributions	171
Benefit payments	155

PITTSBURGH — The Alcoa fund sold the 2.5 million shares of company stock contributed to it in 1982 and earned an estimated $18.73 million profit.

BEA Associates was appointed in January, receiving an account for active bond management of between $50 million and $55 million.

Ventech Partners, a venture capital limited partnership, also was named to a $3 million portion of fund assets during the first quarter.

Total contributions into the fund were down, $171 million from $190 million in 1982, while benefits paid were up, $155 million from $124 million.

The fund grew by 31% during the 12-month period ending Sept. 30.

Equity managers: Brundage, Story & Rose; Capital Guardian Trust; Crocker Investment Management; Fayez Sarofim; Fred Alger; Frontier Capital; Hathaway & Associates; Morgan Guaranty Trust; Pioneering Management Co.; Stralem & Co.; and Wells Fargo.

Bond managers: BEA Associates; Fischer, Francis, Trees & Watts; Massachusetts Financial Services; Mellon Bank; and Morgan Guaranty.

Real estate managers: Equitable Life; John Hancock; Coldwell Banker; and RREEF.

GIC managers: Metropolitan Life and Travelers Insurance.

International managers: Capital Guardian and Morgan Guaranty.

Venture capital managers: Capital Management Services (Sequoia Funds); Dillon Reed (Concord Fund); Kohlberg, Kravis & Roberts; and Ventech Partners.

The approximate asset mix was 53% stocks, 30% bonds, 11% cash equivalents and 6% real estate equity. Mellon Bank is the master trustee.

Key personnel are Joseph C. Pellegrino, assistant treasurer; Richard J. Forster, manager; and Donna S. Baar, administrative assistant.

American Airlines

	($ millions)
Total assets	1,900
Pension	1,900
Profit sharing	0
Thrift or savings	0
Employer contributions	90
Benefit payments	75

DALLAS — American Airlines contributed $14.6 million worth of cumulative convertible preferred stock to its pension plan in April, in lieu of about 13% of its 1982 cash contribution. The stock was given to four of its equity managers to trade as they would any other stock in the portfolio.

Also, the airline doubled its commitment to international investments during 1983, from $50 million last year to $100 million as of Sept. 30. A dedicated bond portfolio begun in 1982 doubled, standing at $500 million as of Sept. 30.

American's asset allocation to stocks and bonds reversed itself between 1982 and 1983, moving to 55% stocks and 35% bonds. This compares with 33% stocks and 52% bonds as of Sept. 30, 1982. Another 10% is in cash equivalents.

The airline's employee benefit assets increased by more than 26% during the past year.

Balanced managers: Aetna, Alliance Capital Management, Brown Brothers Harriman, Capital Guardian, Citicorp, First National Bank of Boston, RepublicBank Dallas and Vilas-Fischer.

International managers: Morgan Grenfell, N.M. Rothschild and Rowe Price-Fleming.

Options managers: Analytic Investments and Oppenheimer.

Master trustee is RepublicBank Dallas.

J.C. Pope is senior vice president, treasurer and chief financial officer; W.F. Quinn is assistant treasurer; and C.L. Holman is manager-trust investments.

American Bar Retirement Association

	($ millions)
Total assets	731
Pension	110
Profit-sharing	621
Thrift or savings	0
Employer contributions	75
Benefit payments	27

CHICAGO — About 85% of the American Bar Retirement Association's $731 million pension assets were in Keogh plans as of Sept. 30. The asset mix of the two plans is 36% stocks and 64% guaranteed investment contracts at Equitable Life Assurance Society.

Equity managers: Equitable and Capital Guardian Trust Co.

The 10-member trustee board includes Marshall J. Doke Jr., president; L. Clair Nelson, treasurer; and Robert Antognoli, director-treasury services.

American Can Co.

	($ millions)
Total assets	808
Pension	758
Profit-sharing	2
Thrift or savings	48
Employer contributions	100
Benefit payments	95

GREENWICH, Conn. — American Can's employee benefit assets decreased 1.2% to $808 million as of Sept. 30 from $818 million the previous year.

Pension assets increased to $758 million from $733 million in 1982; profit-sharing assets decreased to $2 million from $21 million; and thrift or savings plan assets decreased to $48 million from $64 million.

The company's contribution to all funds decreased from $129 million in 1982 to $100 million in 1983. The company paid $95 million in benefits to retirees in 1983 up from $75 million in 1982.

The reduction in total assets was caused by several corporate divestments and spinoffs, and a restructuring of the pension fund.

The company sold Butterick Fashion Marketing Co. during the year. It sold its U.S. paper operation to James River Corp. in 1982, but IRS approval to transfer the assets to the buyer came in 1983. American Can also sold its Canadian paper operation in 1983 and a few other business and units.

The pension plan also cashed out $140 million in GICs during 1983 and experienced a $38 million loss because of the market value.

In 1983, American Can terminated two equity managers: Brundage Story & Rose and State Street Research & Management. It hired six managers: Fred Alger; Alliance

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RepublicBank

Capital; Sanford C. Bernstein; Frontier Capital Management; Spears, Benzak, Soloman & Farrell; and Weiss, Peck & Greer.

Equity managers: Fred Alger; Alliance Capital; Sanford C. Bernstein; Campbell Advisors; Cole Yeager & Wood; Frontier Capital Management; Grantham, Mayo, Van Otterloo; Spears, Benzak, Solomon & Farrell; and Weiss Peck & Greer.

Bond managers: Bankers Trust Co. and Equitable Life.

Real estate managers: JMB Institutional Realty, RREEF and Metropolitan Life.

International managers: Lombard Odier International and Morgan Grenfell Investment Services.

In 1983, the pension fund had $26 million of its assets in foreign markets: $20.8 million in equities and $5.2 million in fixed-income.

The pension fund indexed $206 million. It uses options as a hedging device. The approximate asset mix was 57% stocks, 27% bonds, 12% cash equivalents and 4% real estate equity. Bankers Trust Co. is the master trustee.

The company started a 401(k) savings plan Jan. 1, 1984. It also offers a corporate IRA program.

E.C. Ecker, managing director-pension and investment, and D.A. Kelly, manager-pension and investment, oversee the funds.

American Electric Power Co.

	($ millions)
Total assets	715.0
Pension	553.0
Profit-sharing	0
Thrift or savings	161.5
Employer contributions	26
Benefit payments	22

COLUMBUS, Ohio — American Electric Power Co.'s assets increased 30% in the past year to $714.7 million. Pension assets are $553.2 million and thrift and savings plan assets are $161.5 million.

Balanced managers: BEA, Fayez Sarofim, Thorndike, Doran, Paine & Lewis, and M. Pescatello & Co.

Bond manager: MEG Asset Management.

Venture capital manager: John Hancock.

Real estate manager: Fayez Sarofim.

Master trustee for the pension fund is Irving Trust Co.; Bankers Trust is master trustee for the savings plan.

The approximate asset mix of the pension assets as of Sept. 30 is 60% stocks, 35% bonds, 4% cash equivalents and 1% real estate equity.

Key personnel include G.P. Maloney, senior vice president-finance, and L.G. Zawodniak, director of risk management.

American Telephone & Telegraph

	($ millions)
Total assets	61,218
Pension	53,930
Profit-sharing	0
Thrift or savings	7,288
Employer contributions	2,604
Benefit payments	2,070

NEW YORK — While the assets of AT&T's employee benefit plans were split up among the new AT&T and seven new operating companies starting Jan. 1, 1984, as of Sept. 30, 1982, the $61 billion in assets remained with AT&T.

The new AT&T was expected to get about $18 billion, and each of the new seven operating companies between $4 billion and $5 billion.

The combined pension and savings plan assets grew by 34% in the 12 months ended Sept. 30.

The overall asset mix of the AT&T fund at that time was 55.2% equities, 29.4% bonds, 9.5% cash equivalents, 5.1% real estate, 0.1% international and 0.7% in such nontraditional investments as oil and gas and venture capital. In addition, the fund used options.

AT&T uses 102 investment management organizations:

Aetna Life; Aldrich Eastman & Waltch; Alpine Capital; American Fletcher National Bank; Ameri-Trust; AmSouth Bank; David L. Babson; Bank of New York; Bankers Trust; Batterymarch; Boatmen's National Bank; Boston Co.; Brown Brothers Harriman; Brundage Story and Rose.

Also, Capital Guardian Trust; Central National Bank of Cleveland; Chase Investors Management; Chemical Bank; Citibank; Citizens & Southern National Bank; Clarens Associates; CMB Investment Counselors; Coldwell Banker; Corporate Property Investors; Crocker National Bank; Dean Witter; Delaware Investment Advisors; Dodge & Cox; Eastdil Advisors; Eberstadt Asset Management; Equitable Life.

Also, Fayez Sarofim; First City National Houston; First Interstate Bank; First Kentucky Trust;, First Manhattan; First National Bank of Atlanta; First National Bank of Chicago; First National Bank of Minneapolis; First Tennessee; First Wisconsin Trust; Fischer, Francis, Trees & Watts; Goldman Sachs; David J. Greene; Harris Trust; Heitman Realty; IDS Advisory; Indiana National; InterFirst Bank Dallas; Intrawest Asset Management; Investment Counselors of Maryland; Jennison Associates; and John Hancock Insurance.

Also, Lazard Freres; Lincoln Capital Management; Loomis Sayles; Lord Abbett; Manufacturers Hanover; Marine Midland; Massachusetts Financial Services; Mathers & Co.; McCowan Associates; Mellon Bank; Mercantile Safe Deposit & Trust Co.; Mercantile Trust; Midlantic National Bank; Morgan Guaranty; National Bank of Detroit; National City Bank, Cleveland; National Investment Services of America; NCNB; Northern Trust; Pacific Investment Management; Pioneering Management; Provident Capital; Prudential; Putnam Advisory; Republic-Bank Dallas; Rosenberg Capital Management; and RREEF.

Also, Scudder, Stevens & Clark; Seafirst Bank; South Carolina National Bank; Standish Ayer & Wood; State Street Bank; State Street Research & Management; Stein Roe & Farnham; T. Rowe Price; Texas Commerce Bank; Thorndike Doran Paine & Lewis; Travelers; Trust Co. of the West; United Capital Management; U.S. Trust; Wachovia Bank & Trust; Wall Patterson McGrew & Richards; Wellington Management; Wells Fargo Investment Advisors; Wertheim Asset Management; and Western Asset Management.

Real estate managers include Bankers Trust; The Boston Co.; Chemical Bank; Citibank; Coldwell Banker; Corporate Property Investors; Equitable Life; First National Bank of Chicago; Heitman Realty; InterFirst in Dallas; Mercantile Trust; Morgan Guaranty; NCNB; Prudential; RREEF; Seattle First National Bank; U.S. Trust; and Wells Fargo.

Boston Co. Energy Advisors provides guidance on oil and gas investments while Loomis Sayles invests in options.

AT&T manages $1.6 billion in equities internally. It has $8.5 billion indexed, $494 million in dedicated bonds, $200 million invested internationally and $80.9 million in GICs.

The fund's operations are overseen by David P. Feldman, assis-

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tant treasurer; Robert E. Angelica, director; and Roger L. McLaughlin, director.

Arizona State Retirement System

	($ millions)
Total assets	3,157*
Pension	3,157
Profit sharing	0
Thrift or savings	0
Employer contributions	134
Benefit payments	106

*As of June 30, 1983

PHOENIX — Pension assets of the Arizona State Retirement System increased almost 36% during the past year, from $2.323 billion on June 30, 1982, to $3.157 billion on June 30, 1983. The amount of assets indexed increased by $140 million, bringing the total to $340 million. The amount internally managed dropped by $50 million to $200 million, but continued to be solely short-term investments.

Balanced managers: Alliance Capital Management, Bernstein-Macaulay Inc., Fiduciary Trust, INVESCO Capital Management, Kemper Financial Services and Valley National Bank

The asset mix as of June 30, was 45% stocks, 41% bonds, 7% cash equivalents and 7% mortgages. The biggest change during the past 12 months was in stocks, where the commitment rose to 45% from 33% a year earlier.

Max Sullivan is director of the Arizona system.

Arkansas Teachers Retirement System

	($ millions)
Total assets	826
Pension	826
Profit-sharing	0
Thrift or savings	0
Employer contributions	65
Benefit payments	42

LITTLE ROCK, Ark. — The Arkansas Teachers Retirement System's assets shot up 35.2% to $826 million on Sept. 30, from $611 million in 1982. The fund's asset mix was 40% stocks, 43% bonds, 12% cash and 5% mortgages.

The fund manages $128 million in-house, $40 million in mortgages and $88 million in cash. Non-traditional investments are not used.

E.F. Hutton & Co. is an investment consultant.

Equity manager: Oppenheimer Capital.

Bond manager: Oppenheimer Capital.

Hubert Blanchard is the Arkansas fund's executive director. Mavolene Booth is assistant director-investments.

Armco Inc.

	($ millions)
Total assets	1,509
Pension	1,223
Profit-sharing	14
Thrift or savings	272
Employer contributions	124
Benefit payments	150

MIDDLETOWN, Ohio — Armco Inc.'s $1.2 billion pension fund received a contribution in lieu of cash of $50 million worth of cumulative, convertible preferred Armco stock, added new equity managers and lost its chief investment officer — Mark Smith — all during 1983.

The stock contribution, amounting to about 4.2% of the fund's equity assets, was made to conserve cash. The new equity managers included Alliance Capital Management and Chase Investors.

Mr. Smith had been head of Armco Investment Management. He left to join Meidinger Asset Planning Services Inc., and was replaced by Dennis Furey. Only a year earlier, Mr. Smith had replaced Paul Chenault in that same position.

Armco's total pension assets decreased by about 2.8% between 1982 and 1983, reaching $1.223 billion as of Sept. 30.

About $260 million is managed internally.

Equity managers: Alliance Capital Management, Capital Guardian, Chase Investors, Miller Anderson & Sherrerd and Thorndike, Doran, Paine & Lewis.

Bond managers: Equitable Life Assurance Society and Rosenberg Capital Management.

Real estate manager: Rosenberg Real Estate Equity Fund.

Chase Manhattan Bank is master trustee.

The approximate asset mix as of Sept. 30 was 53.6% stocks, 29% bonds, 4% cash and 13.4% real estate equity.

In addition to Mr. Furey, key investment personnel include G.E. Bedar, vice president and treasurer.

Army and Air Force Exchange Service

	($ millions)
Total assets	703
Pension	693
Profit-sharing	0
Thrift or savings	10
Employer contributions	78.2
Benefit payments	40.6

DALLAS — The Army and Air Force Exchange Service made several manager changes this year. These included a first allocation to international investments: Morgan Grenfell Investment Services Ltd. and Citibank together received $10 million.

Newly appointed fixed-income managers are Hibernia National Bank, Robert C. Brown & Co. and Citibank. In the fourth quarter, the fund placed almost $10 million in Dimensional Fund Advisors Inc.'s inflation-hedge and small-company stock mutual funds.

The fund's assets were $703 million on Sept. 30, of which 59% was in stocks, 34% fixed-income and 7% real estate equity.

Equity managers: Aetna Life & Casualty, Citicorp Investment Management, Manufacturers Hanover Trust and John Hancock Insurance Co.

Bond managers: John Hancock, Dimensional Fund Advisors, Hibernia National Bank, Citibank and Robert C. Brown.

Real estate managers: Aetna and John Hancock.

International managers: Morgan Grenfell and Citibank.

Aetna also manages its GICs and mortgages.

Martin Rodman is assistant comptroller-insurance; Louis Bornmann is systems accountant-insurance.

Ashland Oil Inc.

	($ millions)
Total assets	724*
Pension	518
Profit-sharing	8
Thrift or savings	198
Employer contributions	na
Benefit payments	na
DIR32.GICs23.0%	

*Estimate as of June 30, 1983

RUSSELL, Ky.— As of June 30, employee benefit assets at Ashland Oil totaled $724 million, *Pensions & Investment Age* estimates, using figures supplied by the 1984 Money Market Directory.

Equity managers: BMI Capital, Bankers Trust, Sanford C. Bernstein, Equitable Life, Forstmann-Leff Associates, Loomis, Sayles & Co. and Morgan Guaranty.

Bond managers: Bankers Trust, Hoisington Investment Management, Pacific Investment Management and in-house.

Real estate managers: Aetna Life & Casualty, Equitable Life and Prudential Insurance.

GICs: Aetna Life, Equitable Life, Metropolitan Life, New Eng-

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Seaboard System Railroad

Texas Gas Resources

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land Life and Pacific Mutual.

The investment management firms handling the thrift plan were Equitable Life and Chemical Bank.

The approximate asset mix was 42% stocks, 15% bonds, 13% cash equivalents, 7% real estate equity and 23% GICs. $50 million of the pension fund is managed in-house. Of that, $10 million is in equity, $30 million in fixed income and $10 million, short term.

The fund also has $118 million placed in GICs and $11.7 million invested overseas.

The funds use options and financial futures. There is a 401(k) plan and a corporate IRA program. Bankers Trust is master trustee.

Key investment personnel are John E. Stettler, assistant treasurer, and Kim H. Turkington, investment fund analyst.

Atlantic Richfield Co.

($ millions)	
Total assets	2,500
Pension	2,000
Profit-sharing	0
Thrift or savings	500
Employer contributions	120
Benefit payments	120

LOS ANGELES — For the Atlantic Richfield Co., pension assets increased more than 25% for the 12 months ending Sept. 30, while total employee benefit assets increased to $2.5 billion.

Atlantic Richfield manages $1.3 billion internally. Of that amount, $750 million is in equities, $390 million in fixed income and $130 million in short-term.

Equity managers: Jennison Associates Capital Corp., Bernstein-Macaulay, G.T. Capital, Fidelity International, Warburg Investment International, Rowe Price-Fleming International and Capital Guardian Trust.

Bond managers: Trust Co. of the West, Hoisington Investment Management, Fiduciary Trust, Morgan Guaranty and Salomon Asset Management.

Real estate managers: Aldrich Eastman & Waltch, Merrill Lynch Hubbard, Crocker National Bank and Lehndorff Associates.

Invested internationally is $180 million, $160 million of which is in

equity and $20 million fixed. State Street Bank and Trust Co. is the master trustee.

Key personnel in charge of employee benefit assets are H. Ockelmann, vice president-pension fund investment; D. W. Woolley, manager-equity investment; and P.L. Martin, bond portfolio manager.

b

Bakery and Confectionary Union & Industry

($ millions)	
Total assets	1,000
Pension	1,000
Profit-sharing	0
Thrift or savings	0
Employer contributions	137
Benefit payments	110

KENSINGTON, Md. — The Bakery and Confectionary Union & Industry's employee benefit assets totaled $1 billion as of Sept. 30. All of it was pension assets.

The mix was 36.6% stocks, 44.6% bonds, 10.7% cash equivalents, 5.5% GICs and 2.6% mortgages.

Of the 44.6% placed in bonds, 12.9% was in an immunized bond portfolio and 0.7% in convertible preferred bonds.

Balanced managers: Wertheim Asset Management, M.D. Sass Associates, Lazard Freres and Lionel D. Edie & Co.

Bond managers: Manufacturers Hanover Trust Co. and National Bank of Washington.

Real estate managers: National Bank of Washington.

GICs: Travelers, Crown Life, CNA Assurance and New York Life.

There was $85 million invested in dedicated bond futures and $45 million invested in GICs.

The National Bank of Washington was named master trustee this year, replacing First American Bank.

The fund doesn't use international investments, hedging devices, venture capital, or oil and gas investments.

The key person involved in overseeing the investment managment of the fund is John J. Fleming, administrative director.

Baltimore Retirement System

($ millions)	
Total assets	764
Pension	764
Profit-sharing	0
Thrift or savings	0
Employer contributions	28
Benefit payments	33

BALTIMORE — The Baltimore Retirement System in 1983 had $764 million in employee benefit assets as of Sept. 30, up 26% from the amount reported in 1982.

The asset mix for the pension assets as of that date was 50% stocks, 36% bonds, 12% cash equivalents, and 2% mortgages.

Equity managers: Delaware Investment Advisers, Pioneering Management Corp., State Street Research & Management Co., Oppenheimer Capital Co. and Fayez Sarofim & Co.

Bond managers: Mercantile Trust Co., Putnam Advisory Co., State Street Research & Management Co., Oppenheimer Capital Co. and Fayez Sarofim & Co.

Real estate managers: The Equitable Trust Co.

Key personnel in the organization include M.F. Leslie, administrator; Ernest J. Glinka, deputy administrator; and Thomas P. Taneyhill, accounting supervisor.

Batus Inc.

($ millions)	
Total assets	725
Pension	653
Profit-sharing	70
Thrift or savings	2
Employer contributions	50
Benefit payments	40

LOUISVILLE, Ky. — Employee benefit assets at Batus Inc. totaled $725 million as of Sept. 30, a 33% increase from 1982's figure of $44 million. Late in 1982, Batus added equity manager Investors Research and during 1983 dropped one of its equity managers, American National Bank.

Equity managers: Fred Alger Management, First Pacific Advisors, Hellman, Jordan Management, Investors Research, Lynch & Mayer, McKenzie, Walker Investment Management, and the RCB Special Equity Group Trust.

Bond managers: Jennison Associates and Lehman Management.

Real estate managers: Aldrich, Eastman & Waltch and TCW Realty.

GICs: Equitable.

As of Sept. 30, the approximate asset mix was 60% stocks, 15% bonds, 11.5 cash equivalents, 10% insurance annuities and 3.5% real estate equity.

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The fund does not have any assets in international markets, hedging devices or alternative investments.

First Kentucky Trust is the master trustee.

T.C. Smith, director of benefit finance, oversees the investment management for the fund.

Bechtel Power Corp.

	($ millions)
Total assets	898
Pension	0
Profit-sharing	898
Thrift or savings	0
Employer contributions	na
Benefit payments	na

SAN FRANCISCO — The Bechtel Power Corp.'s combined profit-sharing and thrift or savings plans hold $898 million in assets as of Sept. 30, which is a 38% increase from 1982. The company would not disclose the amount of each plan nor its asset mix.

About $90 million is managed in-house, all of which is in fixed income.

Effective Jan. 1, the company added a 401(k) plan to its roster of employee benefits.

Bechtel has about $90 million in international investments, all of which is in equities managed by G.T. Capital Management, of San Francisco and Morgan Guaranty.

Equity managers: Batterymarch Financial Management, Chase Investment Management, Columbia Management, Glickenhaus & Co., Sit Investment Associates and Wells Fargo Investment Advisors.

Bond managers: Pacific Investment Management Co. and T. Rowe Price Associates.

Real estate managers: Aetna, Equitable, Prudential and First National Bank of Boston.

Master trustee is Well Fargo Bank.

Vincent Kuhn is manager of trust and thrift funds; Robert Enslow is investment manager.

Bethlehem Steel Corp.

	($ millions)
Total assets	2,352
Pension	2,352
Profit-sharing	0
Thrift or savings	0
Employer contributions	360
Benefit payments	500

BETHLEHEM, Pa. — Bethlehem Steel Corp. had $2.4 billion in assets as of Sept. 30. All of the assets are pension assets and all is managed internally.

The asset mix of the fund was 67% stocks, 23% bonds, 1% cash equivalents and 9% in receivables.

Walter W. Buckley Jr. is pension fund manager.

Boeing Co.

	($ millions)
Total assets	4,392*
Pension	2,820
Profit-sharing	0
Thrift or savings	1,572
Employer contributions	140
Benefit payments	na

*As of June 1983

SEATTLE — In December, Boeing Co. started a farm team of 13 equity managers: Ashland Management, Avatar Associates, Cambiar Investors Inc., Waddell & Reed Inc., Janus Capital, Meridian Management Co., Olympic Capital Management, PRIMECAP Management, Roanoke Asset Management, Shaw Management, Trustee & Investors, Value Quest and Geewax, Terker.

Boeing's retirement assets totaled $4.392 billion in June 1983, according to the 1984 Money Market Directory. This was up from $3.2 billion in September 1982.

The Money Market Directory also provided a list of Boeing's managers as of June. The directory could not provide a breakdown of the types of management.

Management firms for Boeing's $2.82 billion retirement plan that were not listed last year are CIGNA Investment Advisory, First Chicago Investment Advisors, John Hancock Mutual Life Insurance Co., Frank Russell Co. and Nomura, a Japanese-equity manager. Bankers Trust is no longer listed.

The rest of the retirement plan investors are Robert C. Brown & Co., Capital Guardian Trust, Century Capital Associates, The Chase Manhattan Bank, Citibank, Crocker Investment Management, IDS Advisory Group, MacKay-Shields Financial, Manufacturers Hanover Investment, Morgan Guaranty Trust, Provident Capital Management, Prudential, Rosenberg Capital Management, Security Pacific Investment Managers, Security Pacific National Bank, Sit Investment Associates and TCW Asset Management.

Investors for the $1.45 billion voluntary investment savings plans are Aetna Life, Alliance Capital Management, Chase Investors, The First National Bank of Chicago, First Interstate Bank of Washington, IDS Advisory and Pringle, Flinn, Elvins & Donahoe.

Investors for the $1.82 million financial security plan are Chase Investors, Massachusetts Financial Services, Seattle-First National Bank and Sit.

Gary Bland is manager of trust investments.

Boilermakers, Blacksmiths National Pension Trust

	($ millions)
Total assets	1,344
Pension	1,344
Profit-sharing	0
Thrift or savings	0
Employer contributions	67
Benefit payments	48

KANSAS CITY, Kan. — Total assets of the Boilermakers, Blacksmiths National Pension Trust increased 25% to $1.344 billion as of Sept. 30. The union contributed $67 million to the fund in 1983. It paid out $48 million in benefits to retirees during the year.

Managers: Crocker Investment; Financial Counselors; Lehman Management; Loomis, Sayles & Co.; McMorgan & Co.; Neuberger & Berman; Prudential Insurance; Scudder, Stevens & Clark; and Trust Co. of the West.

The fund managed less than $10 million internally, all in short-term investments.

It had about $60 million in dedicated bond funds and about $104 million in GICs.

The approximate asset mix as of Sept. 30 was 40.8% stocks, 27.8% bonds, 10.7% cash equivalents, 8.7% real estate equity, 7.8% in GICs and 4.5% miscellaneous.

Brotherhood Bank & Trust is the master trustee.

Arthur E. Farr, chairman-investment committee, and T. Lusk Wands, administrator, oversee management of the funds.

California Public Employees Retirement System

	($ millions)
Total assets	20,438
Pension	20,438
Profit-sharing	0
Thrift or savings	0
Employer contributions	1,323
Benefit payments	1,058

SACRAMENTO, Calif. — The California Public Employees Retirement System hired Bankers Trust as an adviser to its modified index fund, estimated at $2 billion. It also hired Buck Consultants as the system's first consultant.

In addition, Edward T. Bradford, formerly fixed-income manager for the fund, was named acting chief of investments, replacing Sid McCausland, who was executive officer for the retirement system.

The Legislature and governor are locked in discussions over new salary proposals for in-house staff members of the retirement system, which manages $20 billion. Under state law, the in-house staff maintains final authority over the index fund.

Total assets for the retirement system increased from $13.5 billion in June of 1982 to more than $20

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Wellington Trust Company of Boston, N.A.

25 largest corporate funds
($ millions)

Rank	Fund	Assets
1.	American Telephone and Telegraph	61,218
2.	General Motors Corp.	19,500
3.	General Electric Co.	11,993
4.	International Business Machines	10,118
5.	Ford Motor Co.	8,900
6.	E.I. du Pont de Nemours & Co.	7,867
7.	U.S. Steel and Carnegie Pension Fund	7,310
8.	Exxon Corp.	6,588
9.	Sears,Roebuck & Co.	5,100
10.	GTE Service Corp.	4,800
11.	Eastman Kodak	4,728
12.	Boeing Co.	4,392
13.	Rockwell International	4,282
14.	United Technologies	4,200
15.	Shell Pension Trust & Provident Fund	3,907
16.	Lockheed Corp.	3,810
17.	McDonnell Douglas	3,723
18.	Westinghouse Electric	3,500
19.	Allied Corp.	3,200
20.	United Air Lines Inc.	3,170
21.	Mobil Oil Corp.	3,000
22.	Standard Oil Co. (Ind.)	2,985
23.	Standard Oil Co. of California	2,943
24.	Caterpillar Tractor Co.	2,750
25.	Hughes Aircraft Co.	2,724
	TOTAL	196,708

25 largest public funds
($ millions)

Rank	Fund	Assets
1.	New York State Common Retirement Fund	20,500
2.	California Public Employees Retirement System	20,438
3.	New York City Employees Retirement Systems	19,676
4.	New York State Teachers' Retirement System	11,300
5.	California State Teachers' Retirement System	10,500
6.	New Jersey Division of Investment	9,032
7.	Teacher Retirement System of Texas	8,612
8.	Michigan State Employees Retirement System	8,271
9.	Wisconsin Investment Board	7,900
10.	Ohio Teachers Retirement System	7,810
11.	Ohio Public Employees Retirement System	7,700
12.	North Carolina Retirement System	6,998
13.	Florida State Board of Administration	6,205
14.	Pennsylvania School Employees Retirement System	5,949
15.	Minnesota State Board of Investment	5,202
16.	Washington State Investment Board	5,000
17.	Georgia State Retirement Systems	4,214
18.	Pennsylvania State Employees	4,159
19.	Los Angeles County Employees	4,000
20.	Oregon Public Employees Retirement System	3,800
21.	Maryland State Retirement & Pension Systems	3,757
22.	Public Employees Retirement Association of Colorado	3,682
23.	Illinois Teachers Retirement System	3,600
24.	Alabama Retirement Systems	3,506
25.	Virginia Supplemental Retirement	3,275
	TOTAL	195,086

10 largest union funds
($ millions)

Rank	Fund	Assets
1.	Teamsters, Central States	4,886
2.	Teamsters, Western Conference	4,671
3.	United Mine Workers of America	2,523
4.	International Brotherhood of Electrical Workers	1,508
5.	Boilermakers, Blacksmiths National Pension Trust	1,344
6.	Bakery and Confectionary Union & Industry	1,000
7.	Operating Engineers, International Union of	944
8.	I.A.M. National Pension Fund	770
9.	Marine Engineers Benefit Association	756
10.	North California Retail Clerks	683
	TOTAL	19,085

Miscellaneous funds
($ millions)

Rank	Fund	Assets
1.	University of Calif. Employees	4,012
2.	United Nations Joint Staff	3,394
3.	United Methodist Pension Fund	1,467
4.	Tennessee Valley Authority	1,266
5.	Southern Baptist Convention	1,155
6.	World Bank	1,046
7.	National Rural Electrical Co-op	985
8.	United Presbyterian Pension Fund	892
9.	Episcopal Ministers Pension Fund	802
10.	American Bar Association	731
11.	Army & Air Force	703
	TOTAL	16,453

billion in September of 1983.

Equity manager: Citicorp.

Real estate manager: F.I.A. Associates Inc.

Of its assets, $4.8 billion is in equity, $12.1 billion in fixed-income and $705 million in short-term. The remainder is in mortgages and other investments.

California State Teachers' Retirement System

($ millions)	
Total assets	10,500
Pension	10,500
Profit-sharing	0
Thrift or savings	0
Employer contributions	638
Benefit payments	919

SACRAMENTO, Calif. — The California State Teachers' Retirement System last July 1 placed its previously internally managed assets with two equity managers, Alliance Capital Management and Trust Co. of the West, and one fixed-income manager, Manufacturers Hanover Trust.

Early in 1983, it was thought the teachers' fund would have its own in-house staff.

Its assets had been managed for more than 12 years by the in-house staff of its sister fund, the California Public Employees' Retirement System.

However, the Legislature and governor couldn't agree on numerous matters, including appropriations for staff, and the teachers' system's only internal staff investment member, Mel Petersen, resigned.

The fund's assets remain with the external managers on a temporary basis. Richard W. Lambourne has been named interim chief of investments, and trustees of the system hired Wilshire Associates, Santa Monica, Calif., and Frank Russell, Tacoma, Wash., as consultants.

From June 30, 1982, to Sept. 30, 1983, pension assets for the retirement funds increased to $10.5 billion from $7.3 billion.

Equity managers: Alliance Capital Management and Trust Co. of the West.

Bond manager: Manufacturers Hanover Trust.

As of Sept. 30, the fund had 20% of assets in stocks, 43% in bonds, 31% in mortgages and 6% in cash equivalents.

The key person in charge of overseeing investments is Mr. Lambourne.

University of California

($ millions)	
Total assets	4,012
Pension	4,012
Profit-sharing	0
Thrift or savings	0
Employer contributions	260
Benefit payments	60

BERKELEY, Calif. — The University of California's pension assets of $4.012 billion are managed in-house.

As of year-end 1983, total employer contribution to all funds will be $260 million, while an estimated $60 million of benefits shall have been paid out to retirees.

The university has a 401(k) plan available to its employees as part of its benefits package.

The pension fund has about 2% of its assets in venture capital.

The approximate asset mix was 77% stocks, 22% bonds and 1% cash equivalents.

Bank of California in San Francisco is the custodian.

Overseeing investment of the funds are Herbert M. Gordon, treasurer of the regents of the university, and Patricia Small, associate treasurer.

Caterpillar Tractor Co.

($ millions)	
Total assets	2,750
Pension	2,400
Profit-sharing	350
Thrift or savings	0
Employer contributions	na
Benefit payments	na

PEORIA, Ill. — Caterpillar Tractor Co. made forays underground and overseas. The farm equipment maker participated in a $20 million oil and gas deal with other funds that was set up by Chase Investors. Caterpillar also hired Baring International Investment Ltd. and Fidelity International Investment Management Inc., both of Boston, to manage almost $45 million in overseas equities.

Caterpillar's pension assets increased to $2.75 billion on Sept. 30 from $2.02 billion a year earlier. The asset mix is 59% stocks, 23% bonds, 11% cash and 7% real estate equity.

The fund has no internally managed assets, passive investments or GICs.

Equity managers: Institutional Capital; Jennison Associates Capital; Morgan Guaranty Trust; Oppenheimer Capital; State Street Research Management; Thorndike, Doran, Paine & Lewis; and Equitable Life Assurance.

Bond managers: Fischer, Francis, Trees & Watts, Jennison Associates and Morgan Guaranty Trust.

Balanced managers: Chase Investors Management and Citibank.

Real estate managers: Aetna Life & Casualty, First National Bank of Chicago, LaSalle Street Fund, Travelers Insurance Co. and Equitable. The Northern Trust Co. is master trustee.

Caterpillar would not provide contribution and benefit levels, but its 1982 annual report put pension expense at $221 million.

The company offers a 401(k) plan.

Fred V. Dickinson is manager-risk management and employee benefit funds; Virginia A. Kane is benefit funds coordinator.

Celanese Corp.

($ millions)	
Total assets	900
Pension	700
Profit-sharing	0
Thrift or savings	200
Employer contributions	2
Benefit payments	32

NEW YORK — Employee benefit assets at Celanese increased 15% to $900 million as of Sept. 30, from 1982's $780 million. In an effort to further diversify its holdings, Celanese initiated a new "special investments" category — comprising venture capital and oil and gas — to its asset mix. The firm initally committed $10 million to that category, hoping to increase that eventually to 5% of its asset mix.

Equity managers: Fred Alger Management; BMI Capital; Hellman, Jordan Management; Bankers Trust; Neuberger & Berman Pension Management; Trustee & Investors Co.; Morgan Grenfell Investment Services; Yamaichi Capital Management; and Dimensional Fund Advisors.

Bond managers: Alliance Capital Management and Hoisington Investment Management.

Real estate managers: Chase Investors Management, InterFirst Bank Dallas and Prudential Insurance.

Options manager: Oppenheimer Option Management.

Oil and Gas: AmGO II.

Equity managers BMI and Trustee & Investors were added this year.

The approximate asset mix was 75% stocks, 6.5% bonds, 13% real estate equity and 5.5% GICs. Chase Manhattan is master trustee.

Key personnel are Charles S. Stephens, assistant controller, and Frances T. McCarthy, manager-benefits finance.

Chicago Policemen's Annuity and Benefit Fund

($ millions)

Total assets	629
Pension	629
Profit-sharing	0
Thrift or savings	0
Employer contributions	53
Benefit payments	54

CHICAGO — Until Sept. 30, the fund was managed solely by Alliance Capital Management. Since then, the fund has split management among seven Chicago advisers. Alliance was retained, and shares equity management with Kemper Financial Services. American National Bank manages an index fund, and Capital Supervisors and The First National Bank of Chicago manage bonds. The policemen's board selected Penmark Investments Inc. and Lincoln Capital Management Co. as balanced managers. At the end of the third quarter, the $629 million fund was 12% stocks, 69% bonds, 16% cash and 3% mortgages.

Thomas Stack is fund comptroller and Robert Stritch is investment officer.

Chicago Teachers' Retirement Fund

($ millions)

Total assets	1,465 *
Pension	1,465
Profit-sharing	0
Thrift or savings	0
Employer contributions	98
Benefit payments	87

*As of Aug. 31, 1983

CHICAGO — The total employee benefit funds for the Public School Teachers' Pension & Retirement Fund of Chicago were $1.5 billion as of Aug. 31. This was an increase of 14% from the previous year. All of these assets are pension assets.

Balanced manager: Capital Supervisors.

The fund had an asset mix of 32% stocks, 61% bonds and 7% cash equivalents.

James F. Ward is the fund's executive director.

Chrysler Corp.

($ millions)

Total assets	1,490
Pension	1,450
Profit-sharing	0

Thrift or savings	40
Employer contributions	270
Benefit payments	340

DETROIT — According to a *Pensions & Investment Age* survey, Chrysler has been running a $1.3 billion unfunded liability in its pension plan.

It made a $270 million payment against this in September, and said it would make a $500 million payment in 1984, which includes a $250 million "catch-up" payment.

Otherwise, the assets of the plan were up 17% during the 12-month period ending Sept. 30.

In 1983, the plan took on new equity managers Lynch & Mayer, Pacific Asset Management and E.F. Hutton Capital.

Equity managers: Alliance Capital; Avatar Associates; Chase Investors; Forstmann-Leff; E.F. Hutton Capital; Lynch & Mayer; Merrill Lynch Asset; Pacific Asset Management; Prudential Insurance; and Sanford C. Bernstein.

Bond managers: Crocker Investment; Manufacturers Hanover Trust; Morgan Guaranty; and National Bank of Detroit.

Real estate managers: Eastdil Advisors; JMB Institutional Realty; John Hancock; Morgan Guaranty; Prudential Insurance; and RREEF.

International managers: Chase Investors (some in domestic equity account); Morgan Guaranty (some in domestic fixed-income account).

The approximate asset mix was 46% stocks, 25% bonds, 15% cash equivalents, 13% real estate equity and 1% annuities.

Bankers Trust is the master trustee.

Key personnel are Frederick U. Zuckerman, vice president and treasurer; Russell P. Flynn, manager-pension fund administration; and Richard K. Alverson, manager-pension fund investments.

CIGNA Corp.

($ millions)

Total assets	892
Pension	694
Profit-sharing	133
Thrift or savings	65
Employer contributions	46
Benefit payments	25

HARTFORD, Conn. — *Pensions & Investment Age* estimates employee benefit assets at CIGNA totaled $892 million as of Sept. 30. Of that, *P&I Age* estimates pension assets totaled $694 million.

All funds are under internal management by CIGNA Investment Management Co.

The approximate asset mix was 43% stocks, 49% bonds, 6% cash equivalents and 2% real estate equity.

The pension fund had $26 million invested in foreign markets. Of that, $10 million was in equity and $16 million was in fixed income. The fund also makes oil and gas investments.

John K. Armstrong, executive vice president and chief investment officer, oversees the investment management of the funds.

Citibank

($ millions)

Total assets	1,078
Pension	924
Profit-sharing	154
Thrift or savings	0
Employer contributions	85
Benefit payments	38

NEW YORK — All of Citibank's pension and profit-sharing/thrift plan assets are managed by Citicorp Investment Management Division.

Citibank's employee benefit fund assets grew by 37% in the year ended Sept. 30.

Citibank has $65 million invested internationally, of which $49 million is in equities and $16 million in bonds. It offers employees both a 401(k) plan and a corporate IRA.

The asset mix is 55.3% equity, 22% bonds, 8.5% cash equivalents, 4.4% real estate equity and 3.8% mortgages.

Howard Laeir is the chairman of the staff benefits committee and retired vice chairman of Citicorp.

Public Employees Retirement Association of Colorado

($ millions)

Total assets	3,682

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Pension	3,682
Profit sharing	0
Thrift or savings	0
Employer contributions	225
Benefit payments	170

DENVER — Assets of the Public Employees Retirement Association of Colorado rose more than 32% to $3.682 billion on Sept. 30, 1983, from $2.7 billion on Sept. 30, 1982.

The fund made news earlier this year when it was learned the Colorado fund was one of four public pension funds to help finance the mortgage of One Mellon Bank Center in Pittsburgh.

All of the assets of the system are managed internally. The asset mix on Sept. 30 was 46% stocks, 35.5% fixed income, 3.5% cash equivalents, 13% mortgages and 2% real estate equities.

Norman Jaskol is assistant secretary-finance.

Commonwealth Edison

($ millions)

Total assets	1,153
Pension	1,153
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

CHICAGO — Commonwealth Edison Co.'s pension fund passed the $1 billion mark, rising 31.6% to $1.153 billion on Sept. 30, from $876 million in 1982.

The asset mix of the fund's traditional assets, which are managed in-house, is 52% stocks, 42% bonds and 6% cash equivalents.

The fund also invests in oil and gas through The Boston Co. The fund also holds $35 million in international securities: $33 million in equities and $2 million in fixed-income.

Robert F. Lindner is manager-investments and equities and Howard R. Carlson is fixed-income investments manager.

Look for the treasury microcomputer guide Feb. 6.

Connecticut Retirement Systems

($ millions)

Total assets	2,600
Pension	2,600
Profit-sharing	0
Thrift or savings	0
Employer contributions	320*
Benefit payments	248

*As of June 30

HARTFORD, Conn. — The $2.6 billion State of Connecticut Retirement Systems pension fund saw a 30% increase for the year ended Sept. 30, 1983, from 1982.

About $1.3 billion is managed in-house, with $822 million in fixed-income and $280 million in short-term investments or cash.

During 1983, the state system named three new bond managers: Lehman Management, Financial Management Group of Bear Stearns and Loomis, Sayles & Co. The latter is managing a $70 million bond portfolio.

In October, Terry A. Helming was named investment officer fixed-income, to succeed Maruti More who left in September.

About 2% of total assets are invested in GICs and roughly 8% of the total is in mortgages. Real estate equities account for about 5% of total assets.

Equity managers: Babson, Bernstein-Macauley, Capital Guardian, CIGNA, Connecticut Bank & Trust, Connecticut National Bank.

Bond managers: Financial Management Group (Bear Stearns), Lehman Management, Loomis Sayles and Scudder Stevens & Clark.

Real estate managers: Aetna, CIGNA, Phoenix Mutual and Travelers Insurance.

The approximate asset mix as of Sept. 30 was 33% stocks, 36% bonds, 16% cash equivalents, 5% real estate equity, 8% mortgages and 2% in GICs.

Key personnel overseeing investment of the funds are Frank P. McDermott, deputy treasurer-investments, and Terry A. Helming, investment officer-fixed-income.

Profile statistics at a glance

	1983 ($ billions)	1982 ($ billions)
Top 1,000 fund assets	306.1	522.6
Top 200 fund assets	605.6	469.3
Top 100 fund assets	503.6	386.4
Top 50 fund assets	397.5	306.7
Top 25 fund assets	299.7	230.5
Top 200 pension fund assets	544.1	419.3

Top 200 fund statistics

	1983 ($ billions)	1982 ($ billions)
Assets managed inhouse	265.1	161.2
Assets indexed	24.4	16.1
Assets invested in real estate	14.9	12.6
Assets invested in GICs	9.9	11.4
Assets invested overseas	6.8	3.8
Assets in dedicated bond portfolios	6.6	5.2

Top 200 fund alternative investments

	1983 No. of sponsors	1982 No. of sponsors
Indexed assets	45.0	39.0
GICs	77.0	70.0
Foreign investments	78.0	67.0
Real estate	113.0	105.0
Options	49.0	41.0
Financial futures	26.0	13.0
Venture capital	58.0	38.0
Oil and Gas	29.0	20.0

Conoco Inc.

($ millions)

Total assets	1,445
Pension	760
Profit-sharing	0
Thrift or savings	685
Employer contributions	15
Benefit payments	70

STAMFORD, Conn. — Conoco's thrift plan and pension fund was not merged into the Du Pont plans, and has retained its autonomy.

Last February, Conoco named six new specialty equity firms, and funded them with cash from existing managers. They were Hambrecht & Quist; GAMCO Investors; BMI Capital; Hellman, Jordan; Leylegian; and McKenzie, Walker.

The funds grew by 12% during the 12 months.

Equity managers: BMI Capital; Batterymarch Financial; Fred Alger; GAMCO; Hambrecht & Quist; Hellman, Jordan; Leylegian Management; McKenzie, Walker; InterFirst Bank; Morgan Guaranty; and Value Line Asset Management.

Bond managers: Fischer, Francis, Trees & Watts; Morgan Guaranty; and Bankers Trust.

Real estate managers: InterFirst Bank; Travelers Insurance; John Hancock; and Morgan Guaranty.

Venture capital: Excelsior; Warburg, Pincus; Sequoia Fund; Pathfinder Fund; Hambrecht & Quist.

International manager: Morgan Guaranty.

The approximate asset mix was 70% stocks, 9% bonds, 1% cash equivalents, 9% real estate equity, 9% GICs and 2% in venture capital.

U.S. Trust is the master trustee.

Key personnel are R.F. Hartman Jr., manager of pensions investments; W.H. Smith, coordinator of pension investments; and L.D. Jones, coordinator of pension investments.

Consolidated Edison

($ millions)

Total assets	1,261
Pension	1,261
Profit-sharing	0
Thrift or savings	0
Employer contributions	75
Benefit payments	65

NEW YORK — Consolidated Edison's total assets increased 34.3% to $1.261 billion as of Sept. 30. The company contributed $75 million to the pension fund and paid out $65 million in benefits to retirees.

Equity managers: Batterymarch Financial Management; Favia, Hill Investment Management (Chemical Bank); and Dreyfus Investment Management.

Balanced managers: Morgan Guaranty, Citibank and FMR Investment Management Services.

Bond managers: State Street Research & Management and Harris Trust & Savings.

Real estate managers: JMB Institutional Realty Corp.

GICs: Aetna Life Insurance Co.; Metropolitan Life's general account.

The approximate asset mix was 52% stocks, 35% bonds, 7% cash equivalents, 6% real estate equity.

Con Edison had $252 million, 20% of its assets, invested in GICs.

The fund invested less than 3% or $37 million of its pension assets in foreign markets, of which $25 million was equities and less than $12.6 million was fixed-income.

The pension fund uses oil and gas as an alternative investment.

The master trustee is Chase Manhattan Bank.

John V. Thornton, senior executive vice president-finance, and John N. Bell, assistant treasurer, oversee investments.

Continental Group Inc.

($ millions)

Total assets	1,075
Pension	948
Profit-sharing	0
Thrift or savings	127
Employer contributions	na
Benefit payments	na

STAMFORD, Conn. — Continental Group Inc. had a 34% increase in its assets as of Sept. 30, bringing its total assets to $1.075 billion. Of this, $948 million was pension assets and $127 million was thrift or savings plan assets.

Equity managers: Lord Abbett & Co., Continental Financial Services, Jennison Associates and Vilas-Fischer.

Balanced managers: Alliance Capital and IDS Advisory.

Bond manager: Continental Financial Services.

Real estate managers: Equitable Life Assurance Co. and John Hancock Insurance Co.

International managers: Grenfell Investment Services Ltd. and Trust Co. of the West Asset Management.

Venture capital manager: Welsh, Carson, Anderson & Stowe.

Continental Group manages $8 million of its equity assets in-house.

The asset mix of the fund is 50.7% stocks, 18.5% bonds, 9.1% cash equivalents, 13.7% real estate equity and 8% in convertibles.

Continental Group offers a 401(k) program.

Walter R. Good is vice president-pension asset management.

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Dart & Kraft Inc.

($ millions)

Total assets	1,326
Pension	1,047
Profit-sharing	184
Thrift or savings	95
Employer contributions	33
Benefit payments	50

GLENVIEW, Ill. — The market value of employee benefit assets were $1.3 billion on Sept. 30. This is an increase of $242 million from the assets reported after the merger last year of Dart and Kraft.

Equity managers: Putnam; Batterymarch; Ruane, Cunniff & Co; Weiss, Peck & Greer; IDS Advisory; L.F. Rothschild; Neuberger & Berman; Thorndike, Doran, Paine & Lewis; BEA Associates; Atalanta Capital; and Vanguard Investment Cos.

Bond managers: Fischer, Francis, Trees & Watts and Bankers Trust. Other managers include John Hancock Mutual Life and New England Mutual Life.

Pension assets in dedicated bond funds amounted to $65 million, and the amount invested overseas was $5 million.

The asset mix of the fund was 60% stocks, 13% bonds, 5% cash equivalents and 22% immediate participation guaranteed contracts.

Bankers Trust Co. is the pension fund's master trustee. The firm offers its employees a 401(k) plan

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Key personnel in the organization include William H.S. Preece Jr., director-pension finance.

Deere & Co.

	($ millions)
Total assets	1,531
Pension	1,531
Profit-sharing	0
Thrift or savings	0
Employer contributions	108
Benefit payments	112

MOLINE, Ill. — Deere & Co.'s pension assets stood at $1.5 billion as of Sept. 30, an increase of 27% from the 1982 total of $1.2 billion.

Deere's pension fund holds about 6,900 shares of its own company stock in a large-capitalization equity account. That is because the fund buys stocks systematically from the 200 largest corporations.

There are $964 million under management in-house. About $757 million is in equities, $179 million in bonds, and $28 million in short-term investments.

About $849 million of Deere's equities are indexed.

About $17 million was invested in foreign markets as of Sept. 30, all in equities. That represents a decrease of about $2 million from 1982's total international investments of $20 million.

During the past year, Deere added a 401(k) plan to its employee benefits.

Equity managers: Alliance Capital, Batterymarch Financial, Morgan Guaranty and Wright Investors.

Bond managers: Brown Brothers and Morgan Guaranty.

Real estate manager: Morgan Guaranty.

The approximate asset mix was 76% stocks, 20% bonds, 3% cash equivalents and 1% real estate equity.

Boston Safe Deposit & Trust Co. is the master trustee.

Greta E. Marshall, director-investments announced her resignation in January 1934. Carl Liebscher is assistant director-investments, and Barron Curtis is portfolio manager.

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Delaware State

	($ millions)
Total assets	661
Pension	661
Profit-sharing	0
Thrift or savings	0
Employer contributions	64
Benefit payments	34

DOVER, Del.— Delaware State employee benefit assets climbed to $661.2 million as of Sept. 30.

Equity managers: T. Rowe Price; Harris, Bretall & McEldowney; Lincoln Capital Management; Provident Investment Counsel; and Trinity Investment Management.

Bond managers: Atlanta Capital Management and Forstmann-Leff-Degnan.

Real estate managers: Aetna Life, John Hancock and Citibank.

Other managers: Wells Fargo Bank; Morgan Holand Fund, L.P.; State Street Bank; Arscott Norton; Fred Adler Co.; Brentwood Associates; Fidelity Money Market Trust; and Scudder Cash Investment Trust.

The approximate asset mix was 42.6% stocks, 16.2% bonds, 12.6% cash equivalents, 5.9% mortgages, 15.3% GICs, 6.5% pooled real estate, and 0.9% venture capital.

Mercantile Safe-Deposit & Trust Co. is the master trustee.

Key investment personnel are Theodore Ashford, investment adviser and secretary, investment committee; Bruce O. Kallos, chairman, investment committee; and Ernst Dannemann, chairman, board of pension trustees.

Delta Air Lines Inc.

	($ millions)
Total assets	1,650
Pension	1,500
Profit-sharing	0
Thrift or savings	150
Employer contributions	na
Benefit payments	na

ATLANTA — Delta Air Lines' total employee benefit assets increased 37.5% in the year ended Sept. 30. During the period, its thrift or savings plan assets swelled 50%.

Pensions & Investment Age estimates Delta has $16.5 million, or approximately 1% of total assets, invested internationally, all of it in equities. The company also makes limited use of GICs.

Delta declined to reveal further information.

The approximate asset mix was 60% stocks, 25% bonds and 15% cash equivalents.

Harris Trust is the master trustee.

James B. Taylor, manager-investment management, oversees fund investments.

Detroit Retirement Systems

	($ millions)
Total assets	1,917*
Pension	1,917
Profit-sharing	0
Thrift or savings	0
Employer contributions	159
Benefit payments	135

*As of June 30, 1983

DETROIT — The Detroit Retirement Systems' fund comprises the Policemen and Firemen Retirement System and the General Retirement System.

Assets of the police and fire system are $900 million; assets for the general system are $1.017 billion. Both figures are for the year ending June 30.

The police and fire retirement system has an asset mix of 25% in stocks, 29% in bonds, 13% in cash equivalents, 22% in mortgages, 1% in real estate equities and 10% in GICs.

The general retirement system has an asset mix of 21% in stocks, 32% in bonds, 14% in cash equivalents, 16% in mortgages, 1% in real estate equity and 16% in GICs.

Only the policemen and firemen's retirement system has international investments, with $1.6 billion in the fixed-income area.

Fred Murphy is executive secretary for both funds.

Dow Chemical Co.

	($ millions)
Total assets	1,400
Pension	1,300
Profit-sharing	100
Thrift or savings	0
Employer contributions	110
Benefit payments	95

MIDLAND, Mich. — Dow Chemical's pension assets increased 26.7% during the year ended Sept. 30.

The firm added Alliance Capital to its roster of equity managers in 1983.

Since 1973, when it began an in-house management program, the fund has been a regular purchaser of company stock.

The fund has $35 million of its internally managed assets invested in real estate.

Equity managers: Alliance Capital; Stein, Roe & Farnham; Morgan Guaranty; National Bank of Detroit; D.L. Babson; AmeriTrust; and internal management.

Bond managers: Morgan Guaranty and internal management.

Real estate managers: Internal and Coldwell Banker.

The approximate asset mix was 62% stocks, 25% bonds, 10% cash equivalents and 3% real estate equity.

National Bank of Detroit is the master trustee.

Funds with equity real estate investments ($millions)

Fund	Assets	Fund	Assets
AT&T	2,700	General Foods	56
Ohio State Teachers	1,125	MEBA	56
IBM	809	Pacific Gas & Electric	55
Exxon	515	Honeywell	51
Western Teamsters	506	World Bank	49
General Motors	466	Army and Air Force Ex.	49
General Electric	391	R.J. Reynolds	49
Westinghouse	365	Teamsters, Central	49
Prudential	348	Grumman	49
Ore. Public Employees	304	Aetna Life	47
U.N. Joint Staff	236	3M	43
Shell	230	Citibank	41
Allied Corp.	206	Los Angeles Employees	40
Chrysler	189	Dow Chemical	39
Nev. Public Employees	180	Reynolds Metals	39
United Technologies	179	Travelers Corp.	39
Standard Oil of Calif.	176	Union Oil of Calif.	39
Caterpillar Tractor	168	Abbott Laboratories	38
Armco	164	Merck & Co.	38
Virginia Supplemental	164	Southern Baptist	37
Sun Co.	158	Ashland Oil	36
Ohio Public Employees	154	Ak. Public Employees	35
RCA Corp.	152	North American Philips	31
Goodyear Tire & Rubber	143	Rohm and Haas	31
Ohio School Employees	143	American Can	30
Eastman Kodak	140	I.A.M.	30
Intl. Harvester	140	Penn. Public School	30
IBEW	133	Phillips Petroleum	30
State of Conn.	130	Penn. State Employees	29
Continental Group	130	Alaska Teachers	28
Hughes Aircraft	127	New York Life	27
Monsanto	126	Eli Lilly	26
United Airlines	125	Tenn. Valley Authority	25
Boilermakers	117	Texas Instruments	25
Illinois State	107	Xerox	25
United Methodist	106	Dresser Industries	24
Minnesota State	104	So. New England Phone	24
Utah State	100	BATUS	23
United Mine Workers	98	Republic Steel	19
Alcoa	95	Trans World Airlines	18
Owens-Illinois	94	Mich. State Employees	17
San Fran. City & County	94	Philip Morris	17
Celanese	91	Deere & Co.	15
Standard Oil (Ind.)	87	CIGNA	14
National Steel	85	Manville	14
Hercules	80	Kentucky Teachers	13
Con Edison	76	Warner-Lambert	12
Washington State	75	Detroit General System	10
Union Carbide	72	Signal Cos.	10
J.C. Penney	71	Detroit Police & Firemen	9
John Hancock	70	Southern Co.	9
Conoco	66	Episcopal Church	8
Sandia National Labs	66	Florida Power and Light	8
International Paper	64	Greyhound	8
ITT	61	Textron	8
Inland Steel	60	Southern Calif. Edison	7
Raytheon	60	American Electric Power	6
Standard Oil (Ohio)	58	TOTAL	14,936

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E.C. Yehle, director-pension investments; W.J. Burroughs, manager-pension investments; and B.H. Brooks and R.C. Cross, portfolio managers, are key officers overseeing investment management of the fund.

Dresser Industries

($ millions)	
Total assets	800
Pension	800
Profit-sharing	0
Thrift or savings	0
Employer contributions	50
Benefit payments	33

DALLAS — Dresser Industries' employee benefit assets totaled $800 million as of Sept. 30, up almost 42% from 1982's asset total.

As of that date, the approximate allocation of assets was 33% stocks, 31% GICs, 30% cash equivalents, 3% real estate equity and 2% bonds.

Equity managers: David L. Babson, Delaware Investment Advisers, Endowment Management & Research, Equitable Life Assurance, Aetna and Mellon Bank.

Bond managers: Equitable Life Assurance, Morgan Guaranty, Aetna and U.S. Trust.

Real estate equity manager: Equitable.

Dresser has $255 million invested in GICs, which it places itself. Contract holders are Canada Life, Mutual Benefit Life, New York Life, Travelers Insurance, Metropolitan Life, John Hancock Mutual Life and Pacific Mutual Life.

No assets are invested in foreign markets, hedging devices or alternative investments.

Northern Trust is the master trustee.

E.R. Luter is chairman of the investment committee.

E.I. du Pont de Nemours & Co.

($ millions)	
Total assets	7,867
Pension	6,685
Profit-sharing	0
Thrift or savings	1,182
Employer contributions	483
Benefit payments	369

WILMINGTON, Del. — Employee benefit assets at Du Pont rose 28% to $7.867 billion for the 12 months ending Sept. 30.

The $6.7 billion in pension assets is internally managed.

There are outside managers for the $1.2 billion thrift plan.

Equity manager: Bankers Trust.

Bond manager: Equitable Life.

Wilmington Trust manages government bonds and Du Pont stock.

Du Pont had $277 million in international equities and $133 million in foreign bonds as of Sept. 30. It also uses options and financial futures.

The asset mix for the pension fund, as of Sept. 30, was 61% stocks, 35% bonds, and 4% cash equivalents.

Wilmington Trust is master trustee for the pension trust.

David F. Marvin is vice president-pension fund investment department. Overseeing the thrift plan is A.H. Nehrling Jr., assistant treasurer/director-employee compensation and benefits division-finance department.

Eastern Air Lines

($ millions)	
Total assets	1,400
Pension	1,400
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

MIAMI — Eastern Air Lines Inc. was unable to make its 1983 pension fund contribution. On Dec. 13, the troubled airline applied to the IRS to defer the contribution to the $800 million defined benefit pension plan for employee service rendered in 1982.

The company applied to the IRS to waive the final payment until 1986. The IRS already granted Eastern an extension until Dec. 15 for the $37.5 million contribution due Sept. 15. Eastern sought the first extension after canceling its plan to place a mixture of company stock and cash in the pension fund.

Eastern's employee benefit assets totaled $1.4 billion on Sept. 30. This consists of an $800 million fixed benefit retirement plan and a $600 million pilots' variable benefit retirement plan.

Managers (for the fixed benefit plan): INVESCO Capital Management; Delaware Investment Advisers; Fort Hill Investors Management Corp.; Abel/Noser Corp.;

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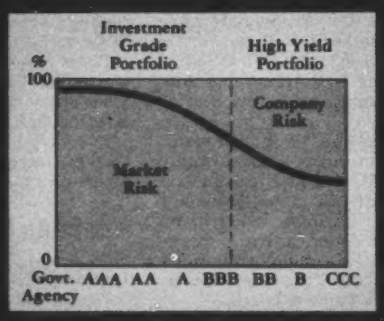

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FARM CREDIT BANKS

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Forstmann-Leff Associates; Equitable Life Assurance; Northwestern Union Trust Co.; Prudential Insurance; and Rollert & Sullivan.

During 1983, the pilots' plan added Waite & Correnti, Los Angeles, to manage an equity portfolio.

Managers (for the pilots' plan): Waite & Correnti; Campbell Advisors; Capital Guardian Trust; Crocker National Bank; Kennedy Associates; National Investment Services of America; North Carolina National Bank; Rollert & Sullivan, Southland Trust; and Thorndike, Doran, Paine & Lewis.

The approximate asset mix for both plans was 50% stocks and 50% bonds as of Sept. 30.

The company manages less than 10% or $140 million of these assets internally in fixed-income securities.

Eastern had no assets invested in foreign markets as of Sept. 30. A year ago it had less than 1% of its assets in international equities. The company uses oil and gas for alternative investments, and reports investing less than 10% of its assets in this area.

Chase Manhattan Bank is master trustee for the fixed benefit plan. State Street Bank & Trust, Boston, is custodian for the pilots' plan.

Robert Wallace, director-pension asset management, oversees investments.

Eastman Kodak

($ millions)	
Total assets	4,728
Pension	4,028
Profit-sharing	700
Thrift or savings	0
Employer contributions	na
Benefit payments	na

ROCHESTER, N.Y. — Eastman Kodak's employee benefit assets totaled $4.2 billion as of Dec. 31, 1982. This was a 13.5% increase from the $3.7 billion total estimated a year ago. *Pensions & Investment Age* estimates the total had grown to $4.728 billion by Sept. 30, 1983.

Kodak added one new equity manager during the year, Fidelity Management Trust Co., Boston.

Equity managers: American National Bank of Chicago; Batterymarch Financial; Eberstadt Asset Management; Kemper Financial Services; Morgan Guaranty Trust; Neuberger & Berman Pension Management Inc.; Rogers, Casey & Barksdale's group trust; State Street Research & Management; T. Rowe Price Associates; Fidelity Management Trust; and Value Line Asset Management.

Real estate managers: Aetna Life & Casualty; Equitable Life Assurance; Prudential; and RREEF.

GICs or annuities: Metropolitan Life and Equitable.

For the second year in a row, Eastman Kodak did not have any bond investments for its pension fund. It has indexed assets but the amount was not provided.

Eastman Kodak also has investments in international markets and uses Morgan Guaranty's commingled funds.

The approximate asset mix as of Dec. 31, 1982, was 55% stocks, 7% cash equivalents, 4% real estate equity and 34% annuities.

Boston Safe-Deposit & Trust serves as master trustee.

The company offers a corporate IRA program.

Donald E. Snyder, treasurer, Russell L. Olson, director-pension investments, and A. Duff Lewis, financial analyst-pension investments, oversee management of the funds.

Eaton Corp.

($ millions)	
Total assets	800
Pension	700
Profit-sharing	0
Thrift or savings	100
Employer contributions	na
Benefit payments	na

CLEVELAND — As of Sept. 30, employee benefit assets at Eaton Corp. totaled $800 million, a 39% jump from last year's total of $575 million.

Equity managers: E.W. Axe; Fidelity Frontier; Stein, Roe, & Farnham; Putnam Advisory; Thorndike, Doran, Paine & Lewis; Weiss Peck & Greer; Oppenheimer Capital; Century Capital; and in-house.

Bond manager: Thorndike, Doran, Paine & Lewis.

Real estate manager: MacKay-Shields.

The approximate asset mix was 70% stocks, 15% bonds and 15% cash equivalents.

In-house managed assets totaled $70 million, all equity. The fund also has $20 million in dedicated bond funds and $10 million invested in GICs. The fund also makes venture capital investments.

Mellon Bank is the master trustee.

Richard Gabel, manager-pension fund investments, oversees the investment management of the fund.

International Brotherhood of Electrical Workers

($ millions)	
Total assets	1,508
Pension	1,508
Profit-sharing	0
Thrift or savings	0
Employer contributions	150
Benefit payments	78

WASHINGTON — The internally managed employee benefit fund increased 17.6% to $1.5 billion in the 12-month period ending Sept. 30, up from $1.3 billion.

The fund provides benefits for workers employed by members of the National Electrical Contractors Association. Most workers belong to the International Brotherhood of Electrical Workers.

As of Sept. 30, the asset mix was 48% mortgages, 16.9% cash equivalents, 14.6% bonds, 6.8% stocks, 8.8% real estate equity and 4.9% miscellaneous.

Mike Nugent and Ray Love of the IBEW oversee management of the fund.

The Episcopal Ministers' Church Pension Fund

($ millions)	
Total assets	802
Pension	802
Profit-sharing	0
Thrift or savings	0
Employer contributions	44
Benefit payments	23

NEW YORK — The Episcopal Church's employee benefit assets totaled $802 million as of Sept. 30, up 34% from 1982's $600 million.

Equity managers: Morgan Guaranty and Alliance Capital Management.

Bond manager: Morgan Guaranty.

Real estate manager: Morgan Guaranty.

The approximate asset mix was 61% stocks, 30% bonds, 8% cash equivalents and 1% real estate equity.

The Church Pension Fund Inc. is the master trustee.

Key investment personnel are Robert A. Robinson, president and Walter Donnelly, executive vice president.

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CORE Industries

Exxon Corp.

	($ millions)
Total assets	6,588
Pension	4,554
Profit-sharing	0
Thrift or savings	2,034
Employer contributions	271
Benefit payments	252

*As of June 30, 1983

NEW YORK — Exxon Corp. moved its master trust from Chase Manhattan Bank to Irving Trust Co. during 1983. The change involved approximately $3 billion in pension assets. Chase was appointed master trustee in 1982.

Also, Exxon contributed $54 million in Texas real estate to its pension fund in lieu of 12% of its 1982 cash contribution, reportedly at the pension fund's request.

In other news during 1983, Exxon's pension fund committed several million dollars to Bridge Capital Investors, and Vincent J. Motto, assistant treasurer since 1963, retired. C.W. Williams, manager trust investments, who oversees internally managed assets, was named assistant treasurer.

Total fund assets increased 19.56% to $6.588 billion as of June 30.

Exxon manages $2.364 billion internally, with $1.979 billion in equities, $192.3 million in fixed-income securities and $192.3 million in short-term instruments. About $132 million is invested in foreign equity markets.

Equity managers: Citibank, First City National Bank of Houston, Wells Fargo Investment Advisors, Morgan Grenfell Investment Services and State Street Bank & Trust.

Bond managers: Scudder Stevens & Clark and State Street Research & Management Co.

Real estate managers: Aetna Life & Casualty Co., Corporate Property Investors, Equitable Life Assurance, InterFirst Bank Dallas and Prudential.

Insured reserves: Aetna, Equitable, John Hancock Mutual Life, Prudential Insurance and the Travelers.

International managers: Morgan Grenfell Investment Services and State Street Bank.

Exxon has $933.4 million invested in indexed assets.

The company uses options to hedge investments. It also invests in venture capital and oil and gas. The approximate asset mix was 60.3% stocks, 8.7% bonds, 4.2% cash equivalents, 11.3% real estate equity, with insured reserves comprising 14.3% and oil and gas royalties, 1.2%.

The company has a 401(k) plan and a corporate IRA program.

The key personnel in investment management are Mr. Williams and T.M. Castagna, manager-corporate funds and plans financing.

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The Firestone Tire & Rubber Co.

	($ millions)
Total assets	1,000
Pension	1,000
Profit-sharing	0
Thrift or savings	0
Employer contributions	0
Benefit payments	120

AKRON, Ohio — The Firestone Tire & Rubber Co.'s pension assets grew by 10.1% to reach the $1 billion mark. The firm made no contributions to the fund while paying out $120 million in benefits.

An Internal Revenue study of 1980 pension assets released in 1983 reported that based on an interest rate assumption of 13%, Firestone's $517.9 million in assets would have made the plan overfunded by $215.1 million.

The overfunding amount was second only to that in State Farm Life Insurance Co.'s fund. A *P&I Age* study looking at the potential impact of the FASB's proposal to record pension liabilities on corporate balance sheets found that Firestone's pension plan surplus as a percentage of net sales was 30.9%, this time second only to that of Lockheed.

Firestone's fund is managed internally.

Dedicated bond funds hold $520 million of the plan, just more than half.

Options and venture capital are used by the fund.

The approximate asset mix was 40% stocks and 60% bonds.

Manufacturers Hanover Trust is the master trustee.

Overseeing the fund are James D. Oelschlager, assistant treasurer; James R. Raith, portfolio manager; and James H. Behrmann, portfolio manager.

Florida Power & Light

	($ millions)
Total assets	760
Pension	563
Profit-sharing	0
Thrift or savings	197
Employer contributions	42
Benefit payments	7

MIAMI — Florida Power & Light Co. had $760 million in assets as of Sept. 30: $563 million in pension assets and $197 million in thrift or saving plan assets.

Equity managers: Wells Fargo, Morgan Guaranty, Fayez Sarofim, Batterymarch, Lynch & Mayer and Roanoke Asset Management.

Bond manager: Harris Trust.

Real estate manager: JMB Institutional Realty Corp.

GICs: Metropolitan Life.

Florida Power has $27.7 million invested in foreign markets.

The asset mix of the pension assets as of Sept. 30 was 65.3% stocks, 19.9% bonds, 13.4% cash equivalents and 1.4% real estate equity.

Master trustee for the fund is Wachovia Bank & Trust.

J.L. Howard is vice president-treasurer of the firm.

Florida State Board of Administration

	($ millions)
Total assets	6,205
Pension	6,205
Profit-sharing	0
Thrift or savings	0
Employer contributions	709
Benefit payments	324

TALLAHASSEE, Fla. — A new state law enabled the Florida State Board of Administration to hire its first outside managers, and the fund is now looking to take on equity managers.

In late September, it hired Bankers Trust Co. to set up an index fund based on the Standard & Poor's 500.

The fund also made its first real estate equity commitments, but withdrew them before they were funded. A policy change will cause the fund to first invest in commingled accounts, according to Jay Yelton, executive director. The disappointed managers are LaSalle Partners, Equitable Life and First Capital Financial Corp., who each were to run $100 million in separate accounts.

The $6.2 billion fund also hired three managers for option overwriting on $300 million in equities: Travelers Investment Management, Bear Stearns & Co., and Balch, Hardy & Scheinman.

However, all of the assets were managed internally as of Sept. 30.

At that time, the fund's asset mix was 40.9% stocks, 52.9% bonds, and 6.2% cash equivalents.

Citibank was hired as master trustee around the end of June.

In addition to Mr. Yelton, other key personnel are Jon Goebel, equities portfolio manager; David Kroon, bond portfolio manager; Carmen Hiers, short-term portfolio manager; and Doug Bennett, real estate portfolio manager.

FMC Corp.

	($ millions)
Total assets	1,035
Pension	871
Profit-sharing	0
Thrift or savings	164
Employer contributions	40
Benefit payments	30

CHICAGO — Employee benefit assets at FMC totaled $935 million as of Sept. 30, 24.2% more than 1982's $753 million.

Equity managers: Ruane, Cunniff; Thorndike/Wellington Trust Management; Beacon Financial; Templeton Investment Counsel; Batterymarch Financial Management; and Tweedy, Browne Inc.

Bond managers: Metropolitan Life and Equitable Life.

The approximate asset mix was 70% stocks, 25% bonds and 5% GICs.

In-house managed assets were $115.5 million.

Of that, equity claimed $100 million and the remainder was fixed income.

The fund has $49 million in GICs. Foreign investments accounted for $19 million, all in equity. The fund uses venture capital.

Bankers Trust is the master trustee.

Key personnel are R.B. Hoffman, vice president-finance; B.R. van Eck, vice president, treasurer and secretary; and W.H. Schumann, director of investments.

Ford Motor Co.

	($ millions)
Total assets	8,900
Pension	7,900
Profit-sharing	0
Thrift or savings	1,000
Employer contributions	550
Benefit payments	600

DEARBORN, Mich. — Ford Motor Co. added two investment firms near the end of 1983 to manage equities for its master pension trust: Hathaway Associates and Rollert & Sullivan.

Ford also added New England Life Insurance Co. to manage equities for its thrift plan.

As of Sept. 30, total employee benefit assets increased 34.6%, to $8.9 billion. Thrift and savings plan assets increased 74.5% from $575 million in 1982 to $1 billion by Sept. 30.

Managers (for the pension fund): Alliance Capital Management; Brown Brothers Harriman; Capital Guardian Trust; Chase Manhattan; Citibank; First National Bank of Boston; Fiduciary Management Trust; Harris Trust & Savings; Manufacturers National Bank of Detroit; Morgan Guaranty Trust; National Bank of Detroit; T. Rowe Price; RepublicBank Dallas; Sarofim Trust Co.; State Street Research & Management; and Wells Fargo.

Managers (for the savings plan): Aetna Life; Capital Guardian Trust; John Hancock; Manufacturers National of Detroit; T. Rowe Price; Fayez Sarofim; and Travelers.

The fund invested $1.3 billion of its pension assets in stock index funds.

It invested $300 million in dedicated bond funds. The company had $150 million invested in foreign markets, of which $120 million was in stocks.

The pension fund uses options and financial futures as hedging devices.

The fund also uses venture capital and oil and gas.

The approximate asset mix was 65% stocks and 35% bonds as of Sept. 30.

The master trustee is Manufacturers National Bank of Detroit.

Ford sponsors a 401(k) plan.

Robert C. White is the assistant treasurer; M.E. Maertens is the manager-trust investment.

Top 200 pension fund investments in the international equity, fixed-income markets

($ millions)

Fund	Total	Equity	Fixed
United Nations Joint Staff Pension Fund	1,316	na	na
International Business Machines	978	978	0
E.I. du Pont de Nemours & Co.	410	277	133
Mobil Oil Corp.	300	200	100
United Air Lines Inc.	255	255	0
World Bank Staff Retirement Plan	245	245	0.0
American Telephone and Telegraph	200	na	na
United Technologies	200	200	0
Atlantic Richfield Co.	180	160	20
Ford Motor Co.	150	120	30
Sun Co.	134	na	na
Exxon Corp.	132	132	0
Xerox Corp.	103	97	6
American Airlines	100	82	18
General Electric Co.	95	51	44
Allied Corp.	90	90	0
Bechtel Power Corp.	90	90	0
Owens-Illinois Inc.	85	71	14
Prudential Insurance	83	77	6
TRW Inc.	82	na	na
Standard Oil Co. (Ind.)	78	74	2
Citibank	65	49	16
National Rural Electric Cooperative	64	62	2
Hawaii Employees' Retirement System	63	63	0
Sears,Roebuck & Co.	54	54	0
Litton Industries Inc.	51	na	na
Monsanto Co.	50	50	0
Continental Group Inc.	47	47	0
Minnesota Mining and Manufacturing Co.	47	47	0.0
Goodyear Tire & Rubber	45	45	0
RCA Corp.	45	45	0
Caterpillar Tractor Co.	44	44	0
Los Angeles City Fire & Police	42	7	35
Hughes Aircraft Co.	40	40	0
Marine Engineers Benefit Association	40	40	0
Celanese Corp.	38	38	0
Hercules Inc.	38	35	3
Consolidated Edison	38	25	13
Manville Corp.	37	32	5
Travelers Corp.	37	37	0
Republic Steel Corp.	36	9	27
Commonwealth Edison Co.	35	33	2
Merck & Co.	33	33	0
Dow Chemical Co.	30	30	0
ITT	30	30	0
Standard Oil Co. (Ohio)	30	30	0
Warner-Lambert Co.	30	30	0
Inland Steel	28	28	0
United Presbyterian Church	28	na	na
Florida Power & Light	28	28	0
American Can Co.	26	21	5
CIGNA Corp.	26	10	16
Aetna Life & Casualty	25	25	0
Alaska State Retirement System	20	20	0
FMC Corp.	19	19	0
Deere & Co.	17	17	0
Illinois State Universities	17	17	0
Trans World Airlines	17	17	0
Delta Air Lines Inc.	17	17	0.0
Conoco Inc.	14	14	0
International Paper Co.	13	13	0
The Southern Co. System	13	13	0
Aluminum Co. of America	12	3	9
Illinois Municipal Retirement Fund	12	12	0
Ashland Oil Inc.	12	12	0.0
Army and Air Force Exchange Service	10	10	0
Chrysler Corp.	10	2	8
The Episcopal Ministers	10	10	0
Illinois Teachers Retirement System	10	10	0
Philip Morris Inc.	9	9	0
Dart & Kraft Inc.	5	5	0
General Foods Corp.	5	5	0
Southern California Edison Co.	5	5	0
Marathon Oil Co.	4	4	0
Raytheon Co.	4	4	0
Detroit Retirement Systems	2	0	2
TOTAL	6,830		

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General Dynamics

($ millions)	
Total assets	2,517
Pension	1,590
Profit-sharing	0
Thrift or savings	927
Employer contributions	100
Benefit payments	35

CLAYTON, Mo. — General Dynamics hired three new equity managers in 1983: Miller, Anderson & Sherrerd; Frank Russell Trust Co.; and Spears, Benzak, Salomon & Farrell Inc.

Equity managers: Aetna Capital Management; Alliance Capital Management; Anderson, Hoagland & Co.; Campbell Advisors; Citibank; Gregg McKay Knight & McKay; Miller Anderson & Sherrerd; Neuberger & Berman Pension Management; Provident Investment Counsel; Lindner Management; Lieber & Co.; Lazard Freres & Co.; A.M. Kailing & Associates; Jundt/Capen Associates; Frontier Capital Management; First Pacific Advisors; Essex Investment Management; Equitable Investment Management; Delaware Investment Advisers; Frank Russell Trust Co.; Seibel Capital Management; Sit Investment Associates; and TCW Asset Management.

Bond managers: BA Investment Management; Centerre Trust; Chase Investors Management; Discount Corporation of New York Advisers; and Bankers Trust Co.

GICs: Aetna Life & Casualty; Equitable Life Assurance; John Hancock; Metropolitan; Mutual Benefit; Mutual of New York; and Travelers.

The sponsor has $100 million of its assets managed internally, roughly $244 million is invested in GICs.

Master trustee for the pension fund is Chase Manhattan; Bankers Trust is master trustee for the savings program.

Key personnel include John P. Maguire, vice president and secretary, and Charles D. Walbrandt, staff vice president-employee benefit trust investments.

General Electric Co.

($ millions)	
Total assets	11,993
Pension	9,762
Profit-sharing	0
Thrift or savings	2,231
Employer contributions	712
Benefit payments	362

STAMFORD, Conn. — General Electric's total assets of $11.9 billion were up 28% for the year ended Sept. 30 from the $9.4 billion of 1982.

A large segment of the assets, $9.7 billion, is managed in-house, through a wholly owned subsidiary, General Electric Investment Co.

General Electric has about $95 million in international investments with a breakdown of $51 million in international equities and $44 million in fixed income.

International managers: G.T. Capital Management, Fidelity International, Lombard Odier International, Morgan Grenfell Investment, Nomura Capital and Price-Fleming International.

The fund uses options and had $185 million in GICs as of Sept. 30.

The company was the lead investor in late 1983 in an oil and gas private placement deal with Pennzoil Co.

The fund makes some investments in venture capital. There was a less than 4% weighting in venture capital investments of the total assets.

In October 1983, the pension fund committed to a subordinated debt and equity leveraged buy-out fund by Forstmann Little & Co.

A 401(k) plan will be added to General Electric's employee benefits roster in 1984.

The approximate asset mix of the fund as of Sept. 30 was 50% stocks, 31% bonds, 2% cash equivalents, 4% real estate equity, and 9% mortgages.

Individuals who oversee investment of the funds are D.H. Malone, vice president-investments; A.S. Bahr, manager-equity investments; J.A. Hickey, manager-special equity investments; and F.X. Tansey, manager-fixed income investments.

General Foods Corp.

($ millions)	
Total assets	1,500
Pension	1,400
Profit-sharing	0
Thrift or savings	100
Employer contributions	na
Benefit payments	na

WHITE PLAINS, N.Y. — General Foods Corp. appointed Northern Trust as master trustee to the Oscar Mayer portion of its $1.5 billion pension fund as of Jan. 1, 1983.

Pension assets of General Foods and its subsidiaries increased 30.43% during the year ended Sept. 30.

The company hired John Hancock Venture Capital Management and The Northern Trust Co. as investment managers during the year, and dropped Cooke & Bieler, and Wells Fargo.

The current investment managers include Aetna Life; Alliance Capital; Bankers Trust; Batterymarch; BEA Associates; Chase Investors; Citibank; First Wisconsin National Bank of Madison; Jennison Associates; John Hancock Mutual Life; JMB Institutional Realty; Metropolitan Life; Morgan Guaranty; New Court Realty; New Court Partners; N.M. Rothschild International Asset Management; Prudential Insurance; Rothschild Asset Management; Thorndike, Doran, Paine & Lewis; and Trinity Investment Management.

The approximate asset mix was 51% stocks, 30% bonds, 15% cash equivalents and 4% real estate equity.

Key investment personnel are R.D. Nargi, assistant treasurer; R.A. Weimert, manager; and S.C. Philbrick, assistant manager.

General Motors Corp.

($ millions)	
Total assets	19,500
Pension	17,800
Profit-sharing	0
Thrift or savings	1,700
Employer contributions	na
Benefit payments	na

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NEW YORK — Although no assets are managed in-house at present, L. Guy Palmer II is joining General Motors at the end of January to become director of internal pension asset management. Mr. Palmer was previously a principal of Davis, Palmer & Biggs, a senior vice president at Fiduciary Trust Co., and most recently was with Ayco Financial Services.

General Motors' pension and thrift plan assets reached $19.5 billion as of Sept. 30, 1983, according to *Pensions & Investment Age* estimates. Of this, about $17.8 billion was in pension assets and $1.7 billion was in thrift plan assets.

The assets totaled $16.8 billion as of Dec. 31, 1982, the last date for which GM would provide figures. Pension assets as of that date were $15 billion.

Also as of Dec. 31. 1982, the mix of the pension assets was 42.3% equity, 29.7% bonds, 4.2% cash equivalents, 3.1% real estate equity and 20.7% insured assets.

Managers: American National Bank of Chicago, AmeriTrust, Bank of America, Bankers Trust, Boston Co., Capital Guardian Trust, Chase Investors Management, Citibank, First National Bank of Boston, First National Bank of Chicago, Harris Trust, InterFirst Bank Dallas, Lincoln Capital Management, Manufacturers Hanover Trust, Mellon Bank, Metropolitan Life, Morgan Guaranty Trust, National Bank of Detroit, and Wells Fargo Investment Advisors. GM declined to specify the types of investments each manager is making.

International managers: Baring International, Daiwa International, Fidelity International, G.T. Capital Management, Kleinwort Benson International, Morgan Grenfell Investment Services, Nomura Capital Management, Rowe Price-Fleming, and Schroders. .

GM declined to reveal how much of the assets was invested internationally.

W. Gordon Binns Jr., chief investment funds officer, and R. Charles Tschampion, director-investment managers relations, oversee the operation of the fund.

Georgia State Retirement Systems

($ millions)	
Total assets	4,214
Pension	4,214
Profit-sharing	0
Thrift or savings	0
Employer contributions	341
Benefit payments	232

ATLANTA — The Georgia State Retirement Systems hired INVESCO Capital Management as an equity adviser for both the Teachers' Retirement System and the Employees' Retirement System.

Trust Co. of Georgia and Thorndike, Doran, Paine & Lewis also were hired to advise the teachers' fund on its equities investments.

Equity managers: Citizens & Southern National Bank, Trust Co. of Georgia and Thordike, Doran, Paine & Lewis, all for the teachers fund only; First National Bank of Atlanta for only the employees' fund; and INVESCO for both.

The asset mix of the fund, as of Sept. 30, was 39.2% stocks, 55.6% bonds, 4.2% cash equivalents and 1% mortgages.

Graham R. Lynch is director, division of investment services; C.W. Cary, assistant director of the division; and Nancy Boedy, bond portfolio officer.

Look for the new corporate finance directory March 19.

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Continental Illinois National Bank	15.9%
Beverly Bank	15.8%
First of Elgin	15.7%
Gary Wheaton Bank	15.5%
Harris Trust	15.1%
First of Chicago	14.8%
Old Second National—Aurora	13.4%
La Salle National	12.7%

*For 5 year period ending 9/30/83. Member FDIC.

Getty Oil

($ millions)	
Total assets	969
Pension	721
Profit-sharing	0
Thrift or savings	248
Employer contributions	42
Benefit payments	27

LOS ANGELES — Employee benefit assets at Getty Oil reached $969 million as of Sept. 30, a 35.2% increase from 1982's $710 million.

During the year, Getty Oil added three new equity managers, Avatar Associates, McKenzie, Walker Investment Management and Rollert & Sullivan, and two new bond managers, Robert C. Brown & Co. and STW. Equity managers EM&R, MacKay-Shields and Citibank were dropped.

Equity managers: Fred Alger; Frontier Capital; Avatar Associates; Jennison Associates; McKenzie, Walker; Rollert & Sullivan; and Security Pacific Investment Management.

Bond managers: CMB Investment Counselors, Robert C. Brown & Co. and STW.

Real estate manager: Citibank.

The approximate asset mix was 64% stocks, 19% bonds and 17% cash equivalents.

In-house management of pension assets was $101 million. Of that, $42 million was in fixed income and $59 million was short-term. Also, $42 million of the pension assets was placed in GICs.

The company has a 401(k) plan.

Chase Manahattan Bank is the master trustee.

Key personnel are: C. Stedman Garber, treasurer; Bruce C. Anderson, assistant treasurer; and Stephen L. Watson, supervisor-investment funds.

Goodyear Tire & Rubber

($ millions)	
Total assets	1,788
Pension	1,788
Profit-sharing	0
Thrift or savings	0
Employer contributions	56
Benefit payments	115

AKRON, Ohio — Richard Galloway, assistant treasurer, assumed pension-fund investment responsibilities for Bennett Shaver, who resigned in October 1982.

Goodyear's pension plan assets grew slightly to $1.788 billion on Sept. 30 from an estimated $1.5 billion in 1982. On Sept. 30, its asset mix was 55% stocks, 30% bonds, 7% cash and 8% real estate equity. The plan has $45 million in overseas equities but no indexed assets or GICs.

The fund added no new managers in 1983.

Balanced managers: Prudential Insurance Co., Morgan Guaranty Trust, Equitable Life Assurance, Chemical Bank, Citibank and National Bank of Detroit.

Equity managers: National City Bank of Cleveland and Travelers Investment Management Co..

Real estate managers: Prudential, Morgan Guaranty and Equitable. The firm does not manage pension assets internally; it has no master trustee.

Aside from Mr. Galloway, key personnel overseeing the fund are James Glass, group executive vice president, and Donald Kronenburger, vice president and treasurer.

Greyhound Corp.

($ millions)	
Total assets	826 *
Pension	826
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

*As of June 30, 1983

PHOENIX — As of June 30, em-

ployee benefit assets at Greyhound totaled $826 million, according to the 1984 Money Market Directory.

Managers: Aetna Life; CIGNA; MH/Edie Investment Counsel; National Bank of Detroit; United Capital Management; Citibank; Wells Fargo Investment Advisors; Robert C. Brown & Co.; Security Pacific Investment Managers; Wright Investors' Service; Loomis, Sayles & Co.; and Stein Roe & Farnham.

The approximate asset mix, according to the Money Market Directory, was 44% stocks, 15% bonds, 6% cash equivalents, 1% real estate equity, 5% GICs and 29% general insurance account.

According to the directory, the fund had $41.3 million of its pension assets indexed and $115.6 million placed in GICs.

Richard B. Zoller, vice president-investments, oversees the investment management of the pension fund.

Grumman Corp.

	($ millions)
Total assets	1,483
Pension	1,058
Profit-sharing	4
Thrift or savings	421
Employer contributions	na
Benefit payments	na

BETHPAGE, N.Y. — The trustees of the Grumman Corp. pension fund were told by a U.S. District Court judge in September that a Labor Department suit against them charging imprudence and improper conduct will go to trial.

The legal action centers on the acquisition of corporate stock for the pension fund as a measure to thwart an attempted takeover by LTV Corp.

After an injunction preventing the sale of that stock was amended this spring, the pension plan sold 1.158 million shares for more than $13 million.

Grumman reported $1,348 million in total employee benefit assets as of Dec. 31, 1982, an increase of 41% over the previous year, of which $971 million was in the pension fund, an increase of 40%. *Pensions & Investment Age* estimates Grumman total assets, as of Sept. 30, 1983, were $1,483 million and pension assets, $1,058 million.

Among external managers, Fiduciary Trust Co. was added for both equity and fixed-income management, and Bank of New York was dropped in both .

Equity managers: Connecticut General Life Insurance Co. and Fiduciary Trust.

Bond manager: Fiduciary Trust.

Real estate managers: Prudential and Equitable.

Based on the Dec. 31, 1982, figures supplied, Grumman manages $902 million in-house: $429 million stocks, $329 million bonds and $144 short-term.

Grumman uses options and offers a 401(k) plan.

The approximate asset mix was 46% stocks, 35% bonds, 13% cash equivalents, 5% real estate equity and 1% venture capital.

Bank of New York is the master trustee.

R.G. Freese, senior vice president-finance and treasurer, and W.R. Parmentier, assistant treasurer and investment manager, oversee the investment operation of the fund.

GTE Service Corp.

	($ millions)
Total assets	4,800
Pension	4,800
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

STAMFORD, Conn. — Richard H. Klemm was promoted to vice president-pension fund management of GTE Service Corp., and given overall responsibility for the operations of the fund.

As of Sept. 30, GTE's pension assets increased 23% to $4.8 billion from $3.9 billion in 1982.

Managers: Aetna Capital Management; Bankers Trust Co.; Baring International; Bartow, McLeod International; Beacon Financial Management; BMI Capital Corp.; Boston Co.; Cashman, Farrell & Associates; Century Capital; Citibank; Endowment Management & Research; Fidelity International; First Pacific Advisors; First & Merchants National Bank; Forstmann-Leff Associates; Franklin Portfolio Associates; Frontier Capital Management, General American Investors; GeoCapital Corp.; GTE Investment Management; G.T. Capital Management; Hambrecht & Quist Equity Management; Hathaway Associates; Hellman, Jordan Management; Hoisington Investment Management; Hotchkis & Wiley; Ivory & Sime International; Johnson, Valliant & Broadfoot; Kingsley, Jennison, McNulty & Morse; MacKay-Shields Financial Corp.; Manufacturers Hanover Trust; Marine Trust; Morgan Grenfell; Morgan Guaranty Trust; Morgan Stanley Asset Management; Neville, Rodie & Shaw; Pacific Investment Management Co.; Pioneering Management; T. Rowe Price; Provident Investment Counsel; Putnam Advisory; Roley, Nichols & Co.; Rowe Price-Fleming International; Fayez Sarofim; Schafer Capital Management; Trust Co. of the West; Trustee & Investors; Value Line Asset Management; Warburg, Pincus Counsellors; Wentworth, Hauser & Violich; and Wilkens & Nanovic Associates.

GTE invests in international, real estate, venture capital and oil and gas. It also uses options on its equity portfolios.

During the year it dropped out of PRISA, but Morgan Guaranty and Citibank continue as real estate advisers. Balch, Hardy & Scheinman was dropped as an options manager.

GTE manages $577 million internally in bonds.

GTE plans to start up a 401(k) plan in 1984.

Andrew L. Heiskell, vice president-fixed income, oversees bond investments; Gregory B. Densmore, director of investment evaluation, also is involved in fund administration.

25 largest profit-sharing plans

($ millions)

Rank	Fund/sponsor	Assets
1.	Sears, Roebuck & Co.	3,800
2.	Procter & Gamble Co.	1,761
3.	Xerox Corp.	1,420
4.	Standard Oil Co. of California	1,399
5.	Lockheed Corp.	997
6.	J.C. Penney Co.	958
7.	Sechtel Power Corp.	896
8.	Halliburton Co.	757
9.	McDonnell Douglas	734
10.	Eastman Kodak	700
11.	American Bar Retirement Association	621
12.	Signal Companies Inc.	500
13.	Northrop Corp.	499
14.	Caterpillar Tractor Co.	350
15.	Texas Instruments Inc.	350
16.	Union Oil Co. of California	298
17.	Philip Morris Inc.	288
18.	Dart & Kraft Inc.	184
19.	The LTV Corp.	167
20.	Citibank	154
21.	Shell Pension Trust & Provident Fund	142
22.	Standard Oil Co. (Ind.)	140
23.	CIGNA Corp.	133
24.	Minnesota Mining and Manufacturing Co.	128
25.	John Hancock Mutual Life Insurance Co.	106
	TOTAL	17,282

Gulf Oil Corp.

	($ millions)
Total assets	2,051
Pension	1,854
Profit-sharing	0
Thrift or savings	197
Employer contributions	na
Benefit payments	137

PITTSBURGH — Gulf Oil Corp.'s dedicated assets increased to $545.5 million in 1983 from $394.1 million in 1982, the year Gulf dedicated. The entire fund's assets passed $2 billion, up from $1.6 billion in 1982.

The asset mix was 40% stocks, 29% bonds, 12% cash and 19% GICs. No alternative investments or options and futures are used.

Equity managers: Jennison Associates Capital Corp., Putnam Advisory Co., MacKay-Shields Financial Corp. and Rosenberg Capital Management.

Bond managers: Pacific Investment Management Co.

Dedicated managers: State Street Bank & Trust Co. and Mellon Bank.

Mellon is also master trustee.

Gulf offers a 401(k) program.

Colin M. Short, vice president-finance; W.D. McGuinness, assistant treasurer; and J.E. Saxer Jr., manager-pension fund investments, oversee the fund.

Halliburton Co.

	($ millions)
Total assets	785
Pension	0
Profit-sharing	757
Thrift or savings	28
Employer contributions	na
Benefit payments	43

DUNCAN, Okla. — The Halliburton Co's employee benefit assets rose 23% to $785 million for the year ended Sept. 30.

The profit-sharing plan holds the majority of assets, $757 million, with $28 million in the thrift or savings plan.

About $196.2 million, 25%, of the total employee benefits are managed internally. The asset mix in-house as of Sept. 30 was 90% equities, 2% fixed income, and 8% in short term.

As of July 1, 1984, Halliburton Co. will add a company 401(k) plan.

Balanced managers: Interfirst Investment Management, Lehman Brothers and Vaughan, Nelson & Hargrove.

Equity manager: Forstmann-Leff.

Bond manager: Pacific Investment Management.

The asset mix for the combined profit-sharing and thrift plans was 48% stocks, 35% bonds, 15% cash equivalents and 2% mortgages.

William Sheets, plan administrator, and Nathaniel C. Duffield, financial manager are the key personnel overseeing the fund.

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($ millions)

Fund	Total	Equity	Fixed	Cash
California Public Employees	20,438	4,800	12,100	705
New York State Common	17,000	5,400	7,300	3
New York State Teachers	10,700	4,600	5,800	300
General Electric Co.	9,707	5,204	4,275	228
N.J. Investment Division	9,032	3,085	4,118	804
Texas Teachers	8,612	2,655	5,635	321
Michigan State Employees	8,271	2,681	4,861	729
Wisconsin Investment Board	7,900	3,550	3,650	700
Ohio Teachers	7,810	2,711	2,936	1,034
Ohio Public Employees	7,550	2,000	5,050	500
U.S. Steel and Carnegie	7,310	5,336	na	na
N.C. Retirement System	6,998	1,444	5,439	115
E.I. du Pont de Nemours & Co.	6,685	4,110	2,314	261
Florida Administration Board	6,205	2,536	3,281	388
Minnesota SBI	4,567	2,277	1,969	321
New York City Employees	4,383	0	1,944	2,439
Georgia State Systems	4,214	1,652	2,386	176
University of California	4,012	3,100	832	80
Alabama Retirement Systems	3,506	102	3,161	243
United Nations Joint Staff	3,394	1,857	1,204	95
Washington State Board	3,300	570	1,600	500
IBM	3,242	na	na	na
Colorado Public Employees	3,138	1,697	1,312	129
Maryland State Systems	3,099	1,514	1,562	23
Tenn. Consolidated System	2,967	890	1,839	207
Prudential Insurance	2,654	1,445	567	369
S.C. Retirement System	2,652	0	2,495	157
Mass. State Funds	2,400	156	2,170	75
Union Carbide Corp.	2,400	1,300	1,000	100
Exxon Corp.	2,364	1,979	193	192
Texas Employees	2,351	565	1,760	25
Westinghouse Electric	1,900	563	1,337	0
Oregon Public Employees	1,800	0	1,800	0
Metropolitan Life	1,796	na	na	na
Procter & Gamble Co.	1,761	na	na	na
AT&T	1,600	1,600	0	0
L.A. County Employees	1,600	0	1,250	350
Electrical Workers	1,508	323	905	280
Sears, Roebuck & Co.	1,500	750	650	100
Illinois Investment Board	1,449	761	612	76
Alaska State System	1,374	0	726	0
Virginia Supplemental	1,353	322	984	47
Connecticut Systems	1,311	0	822	280
Atlantic Richfield Co.	1,300	750	390	160
Utah State Systems	1,176	129	788	195
Ohio Police and Firemen	1,103	0	926	177
Commonwealth Edison Co.	1,098	575	458	65
Citibank	1,078	645	253	91
Ohio School Employees	1,024	15	790	78
San Francisco City & County	1,016	6	942	68
Firestone Tire & Rubber	1,000	400	600	0
Deere & Co.	964	757	179	28
Aetna Life & Casualty	949	481	371	11
New York Life Insurance	938	0	858	0
Grumman Corp.	902	429	329	144
Shell	845	132	693	20
Travelers Corp.	769	248	409	112
Teledyne Inc.	742	275	401	59
New Mexico Educational	725	65	595	65
Sperry Corp.	700	520	100	80
CIGNA Corp.	694	322	320	39
Hawaii Employees	687	0	658	29
Montana Board of Investments	682	129	550	3

Fund	Total	Equity	Fixed	Cash
Philadelphia Municipal	674	0	674	0
McDermott International Inc.	650	5	645	0
John Hancock Mutual Life	633	285	285	63
Republic Steel Corp.	620	318	212	90
GTE Service Corp.	577	0	577	0
Textron Inc.	543	109	353	81
Chicago Teachers	440	132	264	44
Allied Corp.	400	110	290	0
Hughes Aircraft Co.	384	145	0	239
United Air Lines Inc.	381	0	248	133
Dow Chemical Co.	365	235	105	25
Standard Oil Co. (ind.)	360	338	20	2
Tenneco Inc.	350	65	235	50
Mobil Oil Corp.	300	0	200	100
Armco Inc	260	0	220	40
United Methodist Pension	253	0	127	126
Southern Baptist Convention	244	0	227	17
Operating Engineers	232	0	164	68
Detroit Retirement Systems	230	0	23	207
TRW Inc.	224	195	6	23
ITT	210	123	55	32
Nat'l Rural Electric Co-op	206	52	108	46
Arizona State System	200	0	0	200
Louisiana Teachers	200	0	0	200
United Mine Workers	200	0	0	200
Halliburton Co.	196	176	4	16
Litton Industries Inc.	192	46	130	16
Los Angeles City Fire & Police	186	0	0	186
Kentucky Retirement Systems	184	0	0	184
Nevada Public Employees	170	na	na	na
Louisiana State Employees	160	0	30	130
Eastern Air Lines	140	0	140	0
Martin Marietta Corp.	130	60	70	0
Arkansas Teachers	128	0	40	88
Kansas Public Employees	123	0	0	123
FMC Corp.	115	100	15	0
Getty Oil	111	0	42	59
Iowa Public Employees	108	0	19	89
Marine Engineers	104	0	0	104
General Dynamics	100	0	100	0
Oklahoma Teachers	100	0	0	100
Kentucky Teachers	97	0	97	0
Warner-Lambert Co.	94	24	70	0
Bechtel Power Corp.	90	0	90	0
New Mexico Public Employees	78	0	78	0
Abbott Laboratories	75	0	75	0
American Airlines	75	25	28	22
Teamsters, Central States	75	0	0	75
Eaton Corp.	70	70	0	0
Raytheon Co.	65	42	15	8
Standard Oil of California	63	0	0	63
Indiana Public Employees	61	0	58	3
Mississippi Public Employees	52	0	43	9
L.A. Water & Power Employees	51	0	0	51
Ashland Oil Inc.	50	10	30	10
J.C. Penney Co.	50	0	25	25
Dart & Kraft Inc.	40	0	0	40
Owens-Illinois Inc.	39	39	0	0
United Presbyterian Church	18	0	0	18
Boilermakers, Blacksmiths	10	0	0	10
Continental Group Inc.	8	8	0	0
World Bank Staff	5	5	0	0
TOTAL	238,675	82,130	118,598	17,191

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John Hancock Mutual Life Insurance Co.

($ millions)

Total assets	847
Pension	733
Profit-sharing	106
Thrift or savings	8
Employer contributions	8
Benefit payments	31

BOSTON — John Hancock Mutual Life Insurance Co.'s own employee benefit assets increased 21% to $874.1 million Sept. 30 from $700 million in 1982. The asset mix is 38.9% stocks, 42.9% bonds, 8.6% cash and 9.6% real estate equity.

John Hancock manages all its pension and profit-sharing assets and the fixed-income investments for the profit-sharing plan.

Through its insurance company investments, the fund holds small amounts of venture capital and oil and gas investments.

About $35 million in profit-sharing equities are managed by outside managers:

Equity managers: IDS Advisory and T. Rowe Price & Associates.

John Hancock started a 401(k) plan for its employees effective Jan. 1, 1984. It offers an IRA program.

Overseeing the fund are Philip Saunders Jr., senior vice president and treasurer and financial services and Robert Thurrell, general director-corporate benefits.

Hawaii Employees' Retirement System

($ millions)

Total assets	2,013
Pension	2,013
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

HONOLULU — The Hawaii Employees' Retirement System hired Irving Trust Co. as master custodian in 1983, replacing Bank of America.

Pension assets as of Sept. 30, were $2.013 billion.

Equity managers: Delaware Investment Advisors, Eagle Management & Trust and Loomis, Sayles & Co.

Bond managers: Fayez Sarofim & Co., Lehman Management Co., Pacific Investment Management Co., Security Pacific Investment Advisers and Wentworth, Hauser & Violich.

Balanced managers: Bernstein-Macauley and Scudder, Stevens & Clark.

International managers: Daiwa International Capital Management Corp. and Nomura Capital Management Inc.

The asset mix as of Sept. 30 was 25% stocks, 40% bonds, 8% cash and 26% mortgages.

Stanley Siu is executive director, and David Shimabukuro is assistant executive director.

Hercules Inc.

($ millions)

Total assets	976
Pension	846
Profit-sharing	0
Thrift or savings	130
Employer contributions	40.8
Benefit payments	31.2

WILMINGTON, Del. — Hercules Inc. hired Wells Fargo Investment Advisors to run a stock-index fund and a money market fund for its newly combined savings and 401(k) plans in 1983. The pension fund added Beutel Goodman Capital Management to run a $30 million equity account.

Equity managers: Batterymarch Financial Management, Capital Guardian Trust, Citi-Investments, Cooke & Beiler, and General American.

Bond managers: Robert C. Brown & Co.

GICs: Aetna Life & Casualty, Equitable Life, New York Life, Prudential, Travelers and Union Mutual.

Real estate managers: Aetna, Equitable and Prudential.

International managers: Fidelity International, Morgan Guaranty and Warburg Investment Management International.

Total employee benefit assets increased 28.4% to $975.7 million as of Sept. 30.

The pension fund invested $159 million in dedicated bond funds and $163 million in GICs.

The pension fund had $38 million invested in foreign markets, of which $35 million was equity and $3 million was fixed-income.

The approximate asset mix was 41.6% stocks, 44.8% bonds, 4.1% cash equivalents and 9.5% real estate equity.

Bankers Trust is the master trustee for the pension fund and Chase Manhattan Bank provides global custody for the international investments. Delaware Trust Co. is trustee of the savings plan.

Hercules has a 401(k) savings plan.

Priscilla Wellford is manager-pension trust.

Look for the annual investment adviser directory April 30.

Honeywell Inc.

	($ millions)
Total assets	1,125
Pension	1,025
Profit-sharing	0
Thrift or savings	100
Employer contributions	88
Benefit payments	33

MINNEAPOLIS — As of Sept. 30, Honeywell had total employee benefit assets of about $1.1 billion, a 35% jump from $813 million in 1982.

In 1983, Honeywell committed $10 million to American Gas and Oil Investors II fund, a limited partnership.

Equity managers: Forstmann-Leff Associates, Batterymarch Financial Management, Abel-Noser, Dawson-Henry, GAMCO, RCB Group Trust, Trust Co. of the West, Herbert Smith, Siebel Capital, Alliance Capital, and Jundt-Capen Associates.

Bond manager: Fischer, Francis, Trees & Watts.

Real estate managers: State Street Bank, Coldwell Banker, Landauer, John Hancock, and Equitable Life.

The approximate asset mix of the pension fund was 50% stocks, 25% bonds, 10% cash equivalents, 5% real estate equity, 5% mortgages, 4% venture capital and 1% oil and gas.

Honeywell's fund has $170 million in dedicated bond funds and $31 million in GICs.

The funds use options, venture capital, and oil and gas.

Chase Manhattan is the master trustee.

R.T. Mall, vice president-pension investments and D.W. Veverka, manager-financial planning, are key investment personnel.

Houston Retirement System

	($ millions)
Total assets	705
Pension	705
Profit-sharing	0
Thrift or savings	0
Employer contributions	56
Benefit payments	25

HOUSTON — The Houston Retirement System had $705 million as of Sept. 30. The asset mix was 40% stocks, 55% bonds and 5% cash.

Balanced managers: First City National Bank of Houston, Texas Commerce Bank, Eagle Management & Trust and Vaughan, Nelson & Hargrove.

William Brown Jr. is treasurer and oversees the fund.

Hughes Aircraft Co.

	($ millions)
Total assets	2,724
Pension	2,112
Profit-sharing	0
Thrift or savings	612
Employer contributions	90
Benefit payments	30

LOS ANGELES — Hughes Aircraft Co.'s employee benefit assets increased 44% to $2.7 billion as of Sept. 30, 1983.

Of Hughes' pension assets $384 million is managed internally, with $145 million invested in stocks and $239 million in short-term investments.

Equity managers: Alliance Capital Management; Dillon Reed; Eberstadt Asset Management; Forstmann-Leff; Frontier Capital Management; Hagler, Mastrovita & Hewitt; Jennison Associates; Johnson, Valliant & Broadfoot; MacKay-Shields; McKenzie Walker Investment Management; Neuberger & Berman; T. Rowe Price; Reich & Tang; Rosenberg Capital Management and TCW Asset Management.

Real estate: Coldwell Banker, Rosenberg Real Estate Equity Fund

and TCW Realty Advisors.

The company puts little of its employee benefit assets in bonds, and has no external bond managers. As of Sept. 30, the pension asset mix was 75% stocks, 6% bonds, 7% cash equivalents, 6% real estate and 6% venture capital and other, unspecified investments.

The fund has $40 million invested in international equity markets.

Its master trustee is Bankers Trust. Key personnel overseeing investment managers are Thomas V. Keene, senior vice president-finance; and Gary B. Helms, staff vice president-investment management.

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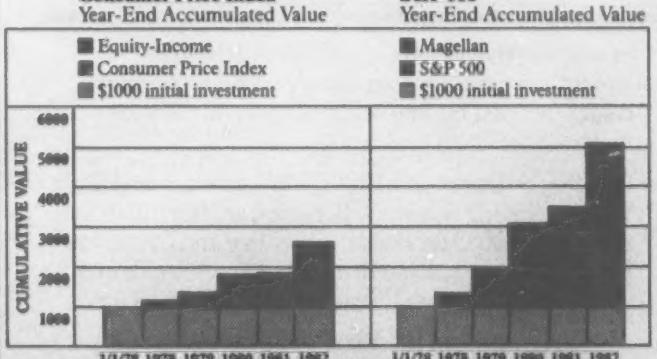
Equity-Income Fund Growth vs. Consumer Price Index
Year-End Accumulated Value

Magellan Fund Growth vs. S&P 500
Year-End Accumulated Value



The above fund figures are total returns that include the change in net asset value plus the effect of reinvesting income dividends and capital gain distributions in additional shares, and have been adjusted to show the effect of Magellan Fund's 3% sales charge and Equity-Income's 2% sales charge. If your 401(k) plan covers more than 200 employees these sales charges may be waived. These figures update those found in each fund's prospectus. Market conditions fluctuate and these figures are not an indication of future results.

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I.A.M. National Pension Fund

($ millions)

Total assets	770
Pension	770
Profit-sharing	0
Thrift or savings	0
Employer contributions	72
Benefit payments	56

WASHINGTON — Assets of the I.A.M. pension fund increased 28% to $770 million on Sept. 30.

Balanced managers: Dodge & Cox Inc., Drexel Burnham Lambert, Pacific Investment Management Co., Pacific Mutual Life Insurance Co. and L.F. Rothschild, Unterberg, Towbin.

The asset mix as of Sept. 30 was 48% stocks, 43% bonds, 4.7% cash and 3.9% real estate equity.

Master trustee is State Street Bank & Trust. Alan W. Skolnick is fund director.

Illinois Municipal Retirement Fund

($ millions)

Total assets	1,775
Pension	1,775
Profit-sharing	0
Thrift or savings	0
Employer contributions	98.5
Benefit payments	116.5

CHICAGO — The total market value of the Illinois Municipal Retirement Fund increased 28.6% to $1.8 billion Sept. 30 from $1.4 billion a year earlier. The entire amount is pension assets.

The asset mix as of Sept. 30 was 38% stocks, 56% bonds and 6% cash equivalents.

Equity managers: Dillon Read Capital and MacKay-Shields Financial Corp.

Bond managers: Criterion Investment Management and Manufacturers Hanover Trust.

Ralph Kausch is executive director of the fund, Hiro Mori is investment manager and Walt Koziol is assistant investment manager.

Illinois State Board of Investment

($ millions)

Total assets	1,555
Pension	1,555
Profit sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

CHICAGO — In June, the Illinois State Board of Investment hired Northern Trust as master trustee, and committed $50 million to three closed-end realty funds.

The $50 million was split among The First National Bank of Chicago's apartment fund, The HAC Group Trust, and JMB Realty Corp.'s Group Trust II.

The board's total assets rose 27% as of Sept. 30 to $1.55 billion from $1.2 billion the previous year.

As of Sept. 30, about $1.45 billion was managed in-house, with $761 million committed to equities, $612 million to fixed income and $76 million in short-term investments.

Real estate managers: Aetna Life & Casualty, First National Bank of Chicago, HAC Group Trust and JMB Institutional Realty.

The Northern Trust Co. is master trustee.

The portfolio mix of the pension assets was 48.9% stocks, 39.3% bonds, 4.9% cash equivalents, and 6.9% real estate equity.

Key investment personnel are Robert J. Harmon, director; Larry G. Darlington, portfolio manager-fixed income; and Nancy L. Folstad, portfolio manager-equity.

Illinois Teachers Retirement System

($ millions)

Total assets	3,600*
Pension	3,600
Profit-sharing	0
Thrift or savings	0
Employer contributions	144
Benefit payments	262

*As of June 30, 1983

SPRINGFIELD, Ill. — Two managers exercised their discretion last year and implemented policy changes the Illinois Teachers Retirement System had approved in June 1982. Kemper Financial Services Inc. placed $10 million of the assets it managed for the fund with its international investment division, Kemper-Murray Johnstone International, and Pacific Investment Management Co. included the fund in its program of using futures to supplement its fixed-income manager.

The fund reports $3.6 billion in pension assets on June 30, up 25% from its $2.89 billion level on September 1982. The asset mix is 31.8% stocks, 48% bonds and 20.2% cash. No assets are managed in-house and it has no index investments or GICs.

Equity managers: Batterymarch Financial Management, CMB Investment Counselors, Criterion Management Co. and Kemper.

Bond managers: Dreyfus Management Inc., MacKay-Shields Financial Corp., PIMCO, T. Rowe Price Associates Inc. and Springfield Marine Bank.

Real estate managers: First National Bank of Chicago.

Harris Trust and Savings Bank is the plan's master trustee.

Samuel W. Anderson is the executive director and Charles F. Hofer is investment officer.

Illinois Universities' Retirement System

($ millions)

Total assets	1,501
Pension	1,501
Profit sharing	0
Thrift or savings	0
Employer contributions	60
Benefit payments	100

CHAMPAIGN, Ill. — In the first quarter of 1983, The Illinois Universities' System invested $25 million in small-company funds with American National Bank & Trust Co. and Dimensional Fund Advisors. Each was allocated $12.5 million.

Also, the fund hired Criterion Investment Management as a balanced manager for $200 million; Lehman Management as a fixed-income manager for $225 million; and Batterymarch Financial Management to handle $100 million in equities.

As of Sept. 30, total assets increased 29% to $1.5 billion from $1.2 billion the previous year.

Equity managers: Alliance Capital Management and American National Bank.

Bond managers: Batterymarch, Criterion Investment and Dimensional Fund Advisors.

Real estate managers: Fayez Sarofim & Co., Lehman Management and Pacific Investment Management.

The Harris Trust & Savings Bank is master trustee.

The asset mix as of Sept. 30 was 47.5% stocks, 35.1% bonds, 15.3% cash equivalents, 0.6% convertibles and 1.5% private placements.

The fund has $31 million invested in an index fund, and $18 million invested in GICs. It has $17 million invested in international equity.

Charles M. Hundley, associate director, oversees the investment of the assets.

Indiana Public Employees' Retirement Fund

($ millions)

Total assets	1,163
Pension	1,163
Profit sharing	0
Thrift or savings	0
Employer contributions	57
Benefit payments	62

Funds investing in venture capital

Allied Corp.
Aluminum Co. of America
American Electric Power Co.
AT&T
Armco Inc.
Atlantic Richfield Co.
University of California
Chicago Teachers
Citibank
Colorado Public Employees
Conoco Inc.
Continental Group Inc.
Dart & Kraft Inc.
Deere & Co.
Delaware State
Eaton Corp.
Exxon Corp.
Firestone Tire & Rubber Co.
FMC Corp.
Ford Motor Co.
General Electric Co.
General Foods Corp.
General Motors Corp.
Grumman Corp.
GTE Service Corp.
John Hancock Mutual Life
Honeywell Inc.
Hughes Aircraft Co.
Inland Steel
International Business Machines
Eli Lilly & Co.
Litton Industries Inc.
Michigan State Employees
Montgomery Ward & Co.
National Steel Corp.
New York State Common
New York State Teachers
Ohio Public Employees
Ohio School Employees
Ohio Teachers Retirement System
Oregon Public Employees
Owens-Illinois Inc.
J.C. Penney Co.
Republic Steel Corp.
R.J. Reynolds Industries Inc.
Sears, Roebuck & Co.
Signal Cos. Inc.
Sperry Corp.
Standard Oil Co. (Ind.)
Texas Instruments Inc.
TRW Inc.
Union Oil Co. of California
U.S. Steel and Carnegie
United Technologies
Warner-Lambert Co.
Washington State Board
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INDIANAPOLIS — In 1983, the Indiana Legislature created the Indiana Institute for New Business Ventures to encourage new business within the state. The Indiana Public Employees Retirement Fund, as well as other Indiana public funds, is allowed to invest in the fixed-income issues of the corporation.

As of Sept. 30, assets increased 7% to almost $1.2 billion from $1.1 billion the previous year.

Of the pension assets, $61 million is managed internally, with $58 million invested in bonds and $3 million invested in short-term instruments. The asset mix was 69% bonds, 6% cash equivalents and 25% government-backed mortgage securities.

Bond managers: American Fletcher National Bank, Indiana National Bank, T. Rowe Price Associates and Lehman Management.

C. Philip Barnes, manager-investment department, oversees the investment of the fund.

Indiana State Teachers' Retirement Fund

	($ millions)
Total assets	727 *
Pension	727
Profit-sharing	0
Thrift or savings	0
Employer contributions	100
Benefit payments	125

*As of June 30, 1983

INDIANAPOLIS — The Indiana State Teachers' Retirement fund assets were $727 million as of Sept. 30, an increase of 13.2% from 1982's total of $642 million.

Bond managers: Alliance Capital, Bank of New York, American Fletcher National Bank, Indiana National Bank and Baxter & Hoops.

The approximate asset mix was 65% bonds, 10% cash equivalents and 25% mortgages.

There is $13 million placed in GICs. The fund does not use international investments, hedging devices or alternative investments.

Key personnel are Loren T. Tiede, executive secretary, and Edmond G. Niehoff, assistant executive secretary.

Inland Steel

	($ millions)
Total assets	1,167
Pension	1,005
Profit-sharing	0
Thrift or savings	162
Employer contributions	78
Benefit payments	76

CHICAGO — Total assets of Inland Steel's employee benefit assets were up 16% in 1983 from the $1 billion reported for 1982.

Trustees appointed four new equity managers effective in December: Sanford C. Bernstein, Dimensional Fund Advisors, INVESCO and Waddell & Reed.

Contributions into the fund, $76 million, were 18% higher than the previous year. Benefits were 21% lower than in 1982, however, when $96 was paid out to retirees.

Equity managers: American National Bank of Chicago; Endowment Management & Research; Equitable Life; First National Bank Chicago; Oppenheimer Capital; Putnam Advisory; and State Street.

Bond managers: Lincoln Income Group.

Real estate managers: Equitable Life; First National Bank Chicago; JMB Realty; and Prudential Insurance.

GICs: Equitable Life.

Venture capital manager: First National Bank Chicago.

Options manager: Oppenheimer Capital.

International managers: Baring International; First National Bank Chicago; and Putnam Advisory.

The approximate asset mix was 61% stocks, 15.6% bonds, 10.4% GICs, 7% cash equivalents and 6% real estate equity.

First National Bank Chicago is the master trustee.

Key personnel are Jay E. Dittus, treasurer, and Richard J. Schutter, manager- pension investments.

International Business Machines

	($ millions)
Total assets	10,118
Pension	10,118
Profit-sharing	0
Thrift or savings	0
Employer contributions	640
Benefit payments	155

STAMFORD, Conn. — IBM's pension assets jumped almost 45% in the 12 months ended Sept. 30, 1983 to $10,118 million.

Besides stocks and bonds, the fund uses almost the full range of investment vehicles — real estate,

venture capital, oil and gas, options and financial futures.

The asset mix is 65% stocks, 22% bonds, 5% cash equivalents and 8% real estate equity.

Equity managers: Bankers Trust, Capital Guardian Trust, Citibank, Cole, Yeager & Wood, Delaware Investment Advisers, Dimensional Fund Advisers, G.T. Capital Management, Fidelity International, Hathaway & Associates, Lord Abbett, Morgan Guaranty, P.M. Portfolio Management, Rowe Price-Fleming International, State Street Research & Management, State Street Bank & Trust, T. Rowe Price, Wellington Management and internal management.

Bond managers: Fischer, Francis, Trees & Watts, Jennison Associates and internal management.

Real estate: Prudential, RREEF and Equitable.

Master trustee is Chase Manhattan Bank.

IBM manages $3,242 million internally in equity, fixed and cash. Indexed assets total $274 million.

The company offers employees both a 401(k) plan and a corporate IRA plan.

Key investment officers are B.E. Langton, assistant treasurer; W.V. Hoyt, IBM director of investment strategy; and R.E. Shultz, director of U.S. retirement funds.

International Harvester

	($ millions)
Total assets	1,190
Pension	1,163
Profit-sharing	0
Thrift or savings	27
Employer contributions	40
Benefit payments	220

CHICAGO — The employee benefit assets of International Harvester decreased in market value on Sept. 30 from those last reported on June 30, 1981, by $123 million or 9%.

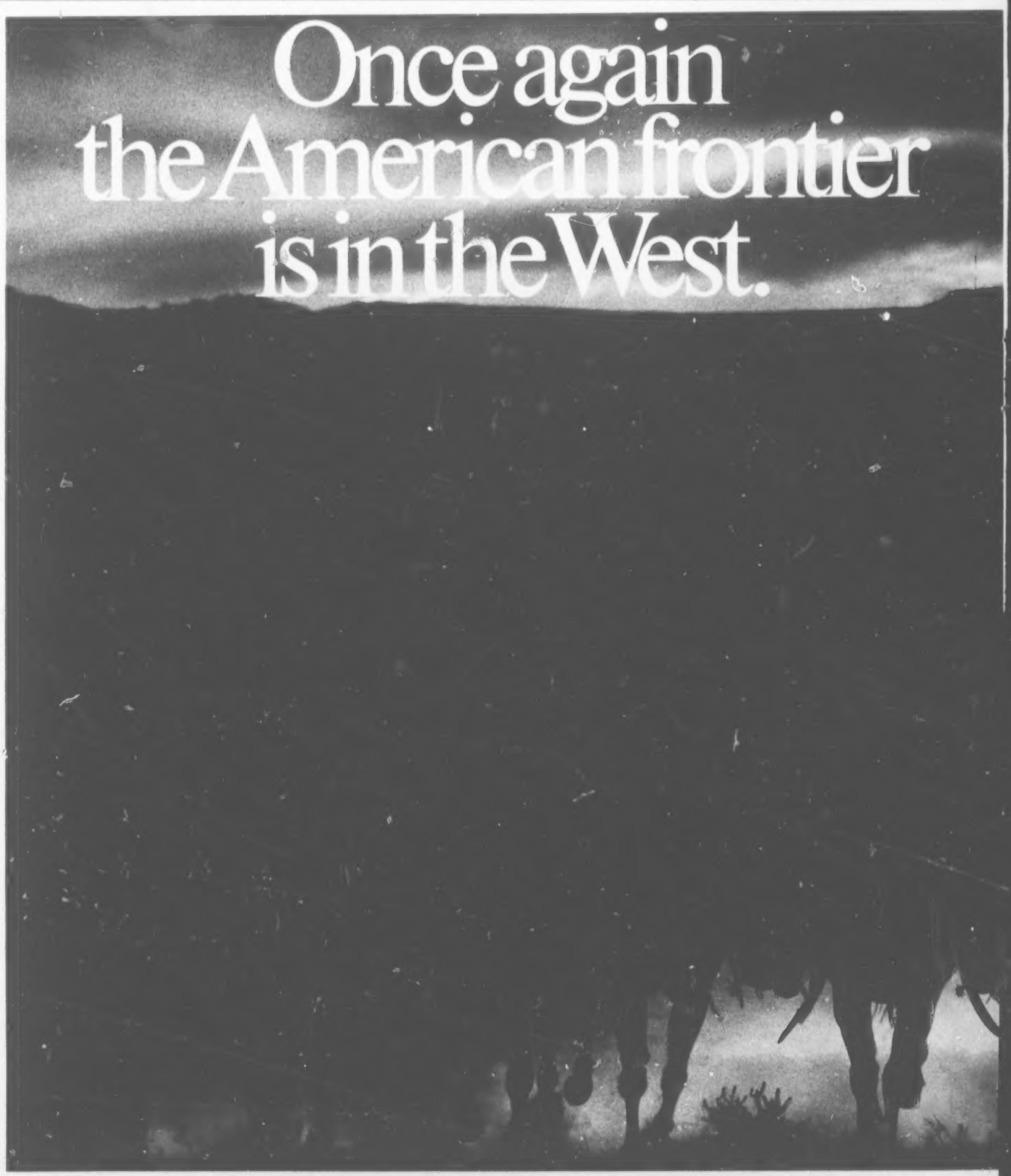
The decrease in assets can be attributed to the benefit payments for the year exceeding the contributions to the fund.

The market value of the assets this year was almost $1.2 billion, which includes $688 million in dedicated bond funds and $146 million in GICs.

Equity managers: Bankers Trust.

Bond managers: Jennison Associates Capital, Aetna Life & Casualty, Association Life Insurance, Equitable Life Assurance and John Hancock Mutual Life.

Real estate managers: Continental Illinois National Bank, First



National Bank, Bankers Trust and Prudential Life Insurance Co.

Key personnel in the organization include James Cotting, vice chairman and chief financial officer, Robert Lannert, vice president and treasurer, and Ashok S. Shende, manager-pension planning.

International Paper Co.

($ millions)

Total assets	1,237
Pension	1,061
Profit-sharing	0
Thrift or savings	176
Employer contributions	na
Benefit payments	39

CHICAGO — International Paper Co. increased its assets by 25% as of Sept. 30. Of this, $1.06 billion is pension and $176 million is thrift or savings plan assets.

Equity managers: Bankers Trust, Capital Guardian, Endowment Management and Fayez Sarofim.

Bond managers: Bankers Trust, Morgan Guaranty, Pacific Investment and State Street Research.

Real estate managers: Aldrich Eastman & Waltch, Equitable Life, LaSalle Advisors, Prudential Life and RREEF.

GICs: Metropolitan Life.

State Street Bank & Trust Co. is master trustee.

The asset mix as of Sept. 30 was 58% stocks, 19% bonds, 9% cash, 6% real estate equity and 8% GICs.

Donna J. Dean is manager of trust investments.

International Telephone and Telegraph Corp.

($ millions)

Total assets	1,692*
Pension	1,174
Profit-sharing	27
Thrift or savings	491
Employer contributions	90
Benefit payments	38

*As of June 30, 1983

NEW YORK — ITT Corp. made an initial move into international investment in 1983, funding three international managers with $10 million each in September.

These were Capital Guardian Trust; G.T. Capital Management and Morgan Grenfell Investment Services.

ITT also announced it will be setting up a 401(k) plan for its employees in April.

A new equity manager was named to the pension fund last February: Barrow, Hanley, Mewhinney & Strauss was awarded an account of between $25 million and $30 million.

RepublicBank Dallas was dropped as a balanced manager for the pension plan, but not as trustee bank and fixed-income manager for the profit-sharing plan.

Equity managers: Alliance Capital; Barrow, Hanley, Mewhinney & Strauss; Crocker Investment; Glickenhaus & Co.; Jennison Associates; Morgan Guaranty; T. Rowe Price; and Verus Capital.

Bond manager: Manufacturers Hanover Trust

Real estate managers: Equitable Life; Metropolitan Life; Rosenberg Real Estate; Coldwell Banker; and Corporate Property Investors.

GICs: Aetna Life; Massachusetts Mutual; and Metropolitan Life.

International managers: Capital Guardian Trust; G.T. Capital; and Morgan Grenfell.

The approximate asset mix was 63.3% stocks, 25.1% bonds, 6.4% cash equivalents and 5.2% real estate equity.

The Northern Trust Co. is master trustee for the pension plan. Bankers Trust is trustee for the investment and savings plan.

Edwin J. Ehrlich is director-pension fund trusts.

Iowa Public Employees Retirement System

($ millions)

Total assets	1,979
Pension	1,979
Profit-sharing	0
Thrift or savings	0
Employer contributions	110
Benefit payments	90

DES MOINES, Iowa — The Iowa Public Employees Retirement System underwent personnel changes last year: Maurice Baringer became fund administrator in place of Ed Longnecker and Larry Thompson replaced Doyle Sales as trust fund specialist.

The fund's assets grew 11.5% to $1.979 billion on Sept. 30 from $1.775 billion in 1982. Its assets are primarily in bonds, 77%, with 18% stocks and 5% cash.

Equity managers: Alliance Capital Management and Capital Guardian Trust.

Bond managers: The Boston Co.

Morgan Guaranty Trust of New York is the master custodian.

k

Kansas Public Employees Retirement System

($ millions)

Total assets	1,777
Pension	1,777
Profit sharing	0
Thrift or savings	0
Employer contributions	94
Benefit payments	78

TOPEKA, Kan. — In early 1983, the Kansas Public Employees Retirement System committed $20 million to Kansas residential mortgages. The system also approved the use of Treasury bond futures in its fixed-income account managed by Pacific Investment Management.

It terminated the Fourth National Bank of Wichita as a fund manager, when two members of the bank's fixed-income team started up their own firm, Investment Management Group, Wichita.

As of Sept. 30, assets increased 30% to almost $1.8 billion from $1.3 billion the year before. The Kansas system manages $123 million internally, all in short-term investment.

The fund uses options and financial futures.

Equity managers: Capital Supervisors, Investment & Counsel Management, Reimer & Koger and the Bankers Trust Co.

Bond managers: Reimer & Koger, Investment Management Group, Robert C. Brown & Co. and Pacific Investment Management.

Other managers: Reimer & Koger and Marine Midland Bank.

Virgil A. Basgall, chairman of the board of trustees, and Marshall Crowther, executive secretary, oversee the investment of the fund.

Kentucky Retirement Systems

($ millions)

Total assets	1,213
Pension	1,213
Profit-sharing	0
Thrift or savings	0
Employer contributions	75
Benefit payments	48

FRANKFORT, Ky. — The Kentucky Retirement Systems began the restructuring of its portfolio during the year ending Sept. 30.

Our 14 state territory is growing faster than any other region created by the divestiture of AT&T. And that includes BellSouth and Southwestern Bell in the much touted sunbelt. U.S. Bureau of Census projections, released in August of last year, confirm it.

Clearly, our region offers unparalleled opportunities for growth.

While this growth will require some capital investment, it will not compromise our ability to perform profitably.

"GO WEST YOUNG MAN."
Horace Greeley, 1859
"GO WEST YOUNG MAN."
John Naisbitt, 1983

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Over the last four years our cost to add new customers to the network has been 7% below the Bell System average (1979-1982).

This is because our population is concentrated in urban areas. Our 9 million customers live in less than 40% of the land mass.

Over 90% of our growth is taking place in urban areas, where expansion is most cost efficient. And where our cities are growing 81% faster than the national average. Five of the ten cities of greatest opportunity, cited by John Naisbitt in his book, MEGATRENDS, are in our region.

More than half of our new customers will be served by expanding our digital capabilities and applying advanced technology. It is no longer necessary to lay expensive copper cable to connect every new customer.

During 1983 we are investing $1.7 billion on construction. And all but a fraction of that cost is being financed internally.

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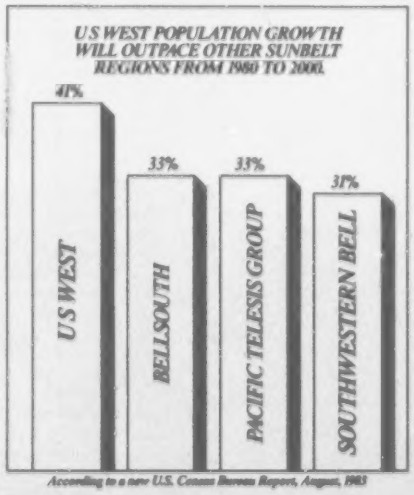

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Capital Supervisors, which had been the fund's sole outside adviser, remains a balanced manager for the fund, working with 65% of the assets. Loomis Sayles & Co. took charge of 18% of the assets for investment in bonds. All changes were being made for diversification, a fund officer said.

Other restructuring is in the works.

Under the guidance of Capital Supervisors, Kentucky put $4 million into a $225 million mortgage used to finance One Mellon Center, the new headquarters building of Mellon Bank in Pittsburgh.

The fund's assets grew by 29.7% in 1983. The amount managed in-house, which is all in short-term investments, grew 47.2% to $184 million.

Equity manager: Capital Supervisors.

Bond managers: Capital Supervisors and Loomis Sayles.

The approximate asset mix as of Sept. 30 was 33% stocks, 38% bonds, 15% cash equivalents and 14% mortgages.

Farmers Bank & Capital Trust Co. is the custodian.

Charles L. Bratton is general manager and Bobby L. McKee is operations manager.

Kentucky Teachers' Retirement System

	($ millions)
Total assets	1,325
Pension	1,325
Profit sharing	0
Thrift or savings	0
Employer contributions	105
Benefit payments	123

FRANKFORT, Ky. — Total pension assets of the Kentucky Teachers' Retirement System increased 21% to $1.3 billion as of Sept. 30, from almost $1.1 billion the previous year.

Of that amount, almost $113 million is managed in-house with $97 million invested in fixed-income instruments.

As of Sept. 30, the asset mix was 12% stocks, 67% bonds, 11% cash equivalents, 1% real estate equity and 9% mortgages.

Balanced managers: Todd Investment Advisors and Alliance Capital Management.

Pat N. Miller, executive secretary, and Stuart A. Reagan, investment officer, oversee fund investments.

I

Eli Lilly & Co.

	($ millions)
Total assets	800
Pension	510
Profit-sharing	0
Thrift or savings	290
Employer contributions	68
Benefit payments	28

INDIANAPOLIS — Eli Lilly & Co. increased its assets by $195 million in 1983 to $800 million. Of the total, $510 million is in pension assets and $290 million in thrift and savings plan assets.

Equity managers: Batterymarch, Capital Guardian, IDS Advisory, Security Pacific Bank and Trust Co. of the West.

Bond manager: American Fletcher National Bank.

The fund has $50 million in dedicated bond funds and $10 million invested in GICs. The fund also uses venture capital.

The asset mix of the fund is 61% stocks, 25% bonds, 9% cash equivalents and 5% real estate equity.

Northern Trust is master trustee.

Running the pension funds at Eli Lilly are B.J. Miller, manager-employee benefit funds and R.B. Graper, assistant treasurer.

Litton Industries Inc.

	($ millions)
Total assets	803
Pension	803
Profit-sharing	0
Thrift or savings	0
Employer contributions	31
Benefit payments	38

LOS ANGELES — The assets of the Litton Industries pension fund jumped by 38.6% as of Sept. 30, 1983.

The fund manages $191.8 million internally, with $46.1 million in equities, $129.9 million in bonds, and $15.8 million in cash equivalents.

It has $30.7 million invested in GICs, $51.3 million invested internationally and $9.6 million in venture capital.

The asset mix, as of the same date, was 61.8% equities, 24.3% bonds, 8.8% cash equivalents, 3.9% GICs and 1.2% venture capital.

Equity managers: Fred Alger Management, Alliance Capital Management, IDS Advisory, Institutional Capital Corp., Jennison Associates, McKenzie Walker, Pulsifer & Hutner, Provident Investment Counsel, Phillips Hager & North, Robert Fleming, and Wilke International.

GICs: Prudential Insurance.

Chase Manhattan Bank is the master trustee.

George E. Boullianne, vice president and treasurer, and Elizabeth Maes, institutional funds administrator, oversee the fund.

Lockheed Corp.

	($ millions)
Total assets	3,810
Pension	2,813
Profit-sharing	997
Thrift or savings	0
Employer contributions	215
Benefit payments	90

BURBANK — Lockheed Corp. added four investment managers in 1983: Security Pacific Investment Managers, Anhalt/O'Connell, Delaware Investment Advisors and Century Capital Associates.

From June of 1982 to September 1983, Lockheed's employee benefit assets increased more than $1 billion, and it now has 23 investment managers.

Besides the new managers, other managers include: Bankers Trust Co.; Batterymarch Financial Management; Bernstein-Macaulay; C. E. Harris; Chase Investors Management; Citi-Investments; First Interstate Bank of California; First Interstate Bank of Washington; Forstmann-Leff Associates; Lombard Odier International Portfolio Management, Manufacturers Hanover Trust Co.; Mellon Bank; Morgan Guaranty Trust; Royal Trust Co.; Fayez Sarofim Trust; Smith Barney, Harris Upham & Co; TCW Asset Management; Wertheim Asset Management Co.; and Western Asset Management Co.

Master trustee is Bankers Trust. The key person overseeing investment management is George C. Weintz, investment counsel.

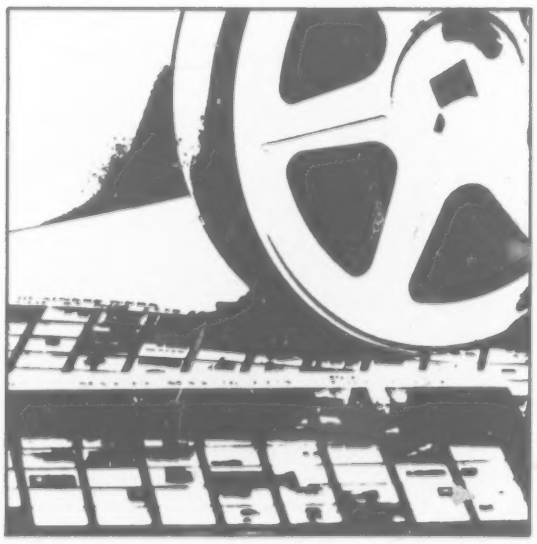
Los Angeles City Employees' Retirement System

	($ millions)
Total assets	1,100

Pension funds with GICs
($ millions)

Funds	Assets
1. United Technologies	1,500
2. United Air Lines Inc.	470
3. American Bar Retirement Association	468
4. Southern Baptist Convention	456
5. Detroit Retirement Systems	422
6. Gulf Oil Corp.	349
7. RCA Corp.	325
8. Mobil Oil Corp.	300
9. Marine Engineers Benefit Association	290
10. Dresser Industries	255
11. Consolidated Edison	252
12. General Dynamics	244
13. Sperry Corp.	240
14. Xerox Corp.	225
15. United Presbyterian Church Pension Board	211
16. General Electric Co.	185
17. Operating Engineers, International Union of	184
18. Hercules Inc.	163
19. Trans World Airlines	147
20. International Harvester	146
21. Sun Co.	134
22. Phillips Petroleum Co.	134
23. Philip Morris Inc.	121
24. McDermott International Inc.	120
25. Ashland Oil Inc.	118
26. United Methodist Pension Fund	110
27. Boilermakers, Blacksmiths National Pension Trust	104
28. Delaware State	101
28. Tennessee Valley Authority	101
30. Inland Steel	95
31. International Telephone and Telegraph Corp.	95
32. International Paper Co.	87
33. Public Employees Retirement Association of Colo.	79
34. Halliburton Co.	78
35. National Rural Electric Cooperative Association	70
36. Bethlehem Steel Corp.	69
37. Conoco Inc.	68
38. Martin Marietta Corp.	65
39. North American Philips	65
40. Pacific Gas & Electric	62
41. American Telephone and Telegraph	60
42. Connecticut Retirement Systems	59
The Southern Co. System	57
Southern California Edison Co.	51
45. Celanese Corp.	50
46. Monsanto Co.	50
47. Shell Pension Trust & Provident Fund	50
48. Texaco Inc.	50
49. FMC Corp.	49
50. American Airlines	45
51. Bakery and Confectionary Union & Industry	45
52. Getty Oil	42
53. Greyhound Corp.	41
54. Manville Corp.	40
55. Aetna Life & Casualty	39
56. Warner-Lambert Co.	38
57. Dow Chemical Co.	35
58. Aluminum Co. of America	34
59. Honeywell Inc.	31
60. Litton Industries Inc.	30
61. Standard Oil Co. (Ohio)	30
62. Armco Inc.	27
63. Raytheon Co.	26
64. Alabama Retirement Systems	20
65. Rohm and Haas Co.	20
66. Florida Power & Light	18
67. Illinois State Universities' Retirement System	18
68. Indiana State Teachers' Retirement Fund	13
69. Army and Air Force Exchange Service	12
70. Eaton Corp.	10
71. Illinois State Board of Investment	10
72. Eli Lilly & Co.	10
73. Los Angeles County Employees	10
74. Montgomery Ward & Co.	10
75. National Steel Corp.	8
76. Teamsters, Central States	5
77. Betus Inc.	4
TOTAL	8,860

Pensions & Investment Age is available in Microform



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Pension	1,100
Profit-sharing	0
Thrift or savings	0
Employer contributions	62
Benefit payments	75

LOS ANGELES — The Los Angeles City Employees' Retirement System began a bond options program in 1983. Loomis Sayles, one of the fund's fixed-income managers, operates the program for the retirement system. Earl Anschultz, the manager of the retirement system, resigned to become a vice president with Scudder, Stevens & Clark, Los Angeles. His replacement was being sought. In late 1983, the fund also was in the process of seeking one or more additional equity managers.

For the 12-month period ending Sept. 30, 1983, total assets under management increased about 23% to $1.1 billion.

Equity managers: Bankers Trust, Crocker Investment Management Co., CMB Investment Advisors and Loomis Sayles.

Bond managers: Chemical Bank and Loomis Sayles.

The asset mix was 28% stocks, 66% bonds and 6% cash equivalents. Irving Trust is master trustee.

Key personnel in charge of the fund are Jerry Bardwell, assistant manager; Raymond Young, assistant manager; and Oscar Peters, investment officer.

Los Angeles City Fire & Police Pension System

($ millions)	
Total assets	1,382
Pension	1,382
Profit-sharing	0
Thrift or savings	0
Employer contributions	213
Benefit payments	200

LOS ANGELES — The Los Angeles Fire & Police Pension System gave approval to Security Pacific Investment Managers to begin a covered call options program for the system. The option program was "just starting" with SPIM, an existing equity and bond manager for the fund, late in 1983.

SPIM has permission to write covered calls on any of the $280 million in equities it holds in the fund's portfolio. However, SPIM will be very selective.

In addition, the system will allocate $130 million to one or more new equity managers it intends to hire around June of 1984. It is also seeking passage of two city charter amendments. One would allow the system to hire banks, in addition to registered investment counselors, as investment managers, and the second would permit up to 20% of assets to be invested in real estate.

Assets for the system increased about 34% to $1.4 billion for the 12 month period ending Sept. 30, 1983.

Equity managers: Favia, Hill &

Associates; Security Pacific Investment Managers; and Wright Investors' Service.

Bond managers: The Boston Co. and Security Pacific Investment Managers.

As of Sept. 30, the approximate asset mix of the system was 52.4% stocks, 34.2% bonds and 13.4% cash equivalents.

Bankers Trust Co. is the master custodian.

Key personnel in charge of the retirement system are Gary Mattingly, general manager; James J. McGuigan, assistant manager-fiscal; and Allan Moore, investment officer.

Los Angeles County Employees Retirement Association

($ millions)	
Total assets	4,000
Pension	4,000
Profit-sharing	0
Thrift or savings	0
Employer contributions	272
Benefit payments	241

LOS ANGELES — In 1983, The Los Angeles County Employees Retirement Association settled a dispute regarding $18 million in county contributions to the retirement fund. In place of the money, the county's supervisors agreed to increase benefits for some 3,600 retired employees.

Equity managers: Capital Guardian Trust and Massachusetts Financial Services.

Bond managers: Brown Brothers Harriman, and CMB Investment Counselors.

Real estate managers: T.L. Karsten & Associates and Scudder Realty Advisors.

As of Sept. 30, 1983, the asset mix was 25% stocks, 59% bonds, 8% cash equivalents, 1% real estate equity and 7% in mortgages. Security Pacific National Bank is the custodian for the fund.

Key personnel in charge of investments are: H.B. Alvord, county treasurer/tax collector; Betty Brewer, investment administration officer and C.L. Spencer, retirement system administrator.

Los Angeles Water and Power Employees' Retirement Plan

($ millions)	
Total assets	754*
Pension	754
Profit-sharing	0
Thrift or savings	0
Employer contributions	90
Benefit payments	67

*As of June 30, 1983

LOS ANGELES — Pension assets at the Los Angeles Department of Water and Power increased by 22% to $753.6 million from last year's total of $618 million.

Balanced managers: Trust Co. of the West and Crocker Investment Management Group.

The approximate asset mix was 23.5% stocks, 60.1% bonds, 6.4% cash equivalents, and 10% mortgages.

Bank of America is the master trustee.

Key investment personnel are: Richard W. Goss, retirement plan manager; Kathleen L. Thornton, assistant retirement plan manager; and Clarence F. Brawn, investment officer.

Louisiana State Employees' Retirement System

($ millions)	
Total assets	1,090
Pension	1,090
Profit-sharing	0
Thrift or savings	0
Employer contributions	106
Benefit payments	123

BATON ROUGE, La. — Louisiana State Employees' Retirement System assets totaled $1.09 billion as of Sept. 30, a 21% increase from the previous year's total of $901 million.

Balanced managers: Hibernia National Bank and Security Pacific Investment Managers.

Real estate investments are managed internally.

The approximate asset mix was 6% stocks, 80% bonds, 12% cash equivalents and 2% mortgages.

The fund manages $160 million

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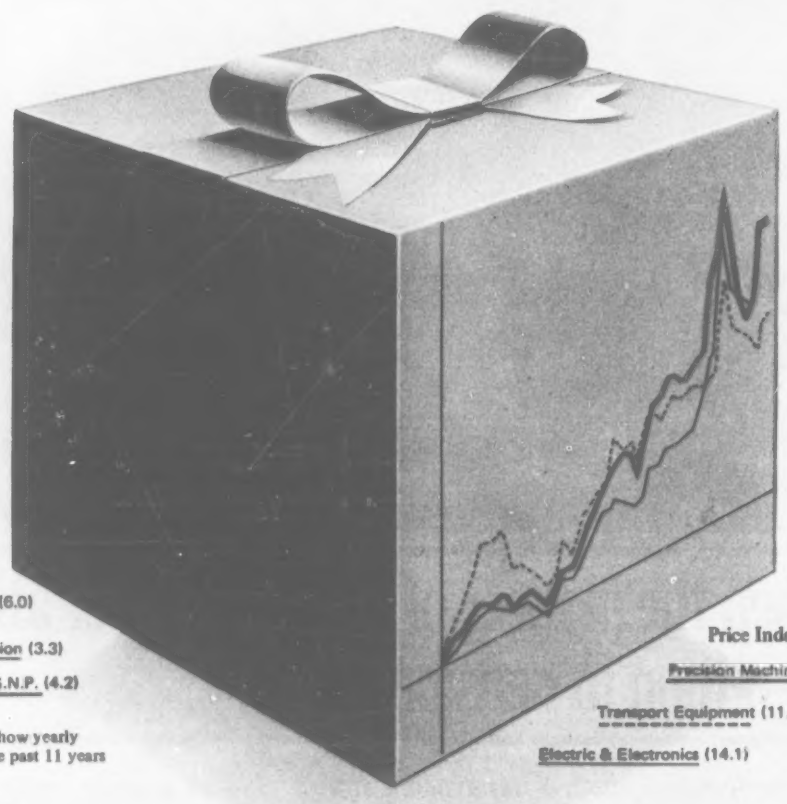

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in-house. Of that, short-term investments account for $130 million and fixed income, $30 million. The fund does not use international investments, hedging devices or alternative investments.

Key personnel involved in overseeing the management of the funds are Vernon L. Strickland, director, and Nicholas Montagnino Jr., assistant investment officer.

Louisiana Teachers Retirement System

($ millions)	
Total assets	1,656
Pension	1,656
Profit-sharing	0
Thrift or savings	0
Employer contributions	137
Benefit payments	199

BATON ROUGE, La. — The Louisiana Teachers Retirement System assets grew to $1.656 billion Sept. 30, 1983, from $1.574 billion June 30, 1982.

The asset mix on June 30 was 4% stocks, 79% bonds and 17% cash.

Balanced managers: Massachusetts Financial Services Co., Scudder Stevens & Clark and Hibernia National Bank.

Carleton Page is secretary/treasurer and Jennifer Netterville is investment portfolio specialist.

The LTV Corp.

($ millions)	
Total assets	1,526
Pension	1,359
Profit sharing	167
Thrift or savings	0
Employer contributions	na
Benefit payments	na

DALLAS — Ed Robie, head of investments for The LTV Corp.'s pension fund, resigned after about two years to join Mellon Bank as a fixed-income money manager.

A replacement is expected to be named early this year. Until then, George Simon, director of employee benefit trust administration, is filling in.

In August, LTV contributed about $50 million in cumulative, convertible preferred stock to its pension fund in lieu of cash, its second non-cash contribution in as many years. In November 1982, the company contributed about $25 million worth of bonds, which were sold a few months later.

LTV's employee benefit assets increased about 13% during the year, rising to $1.526 billion as of Sept. 30, compared with $1.204 billion in 1982.

Two managers were dropped in 1983 — IDS Advisory for equities and Prudential for real estate.

Equity managers: Bankers Trust Co., Century Capital Associates, Continental Illinois, Endowment Management & Research, Forstmann-Leff Associates, Franklin Portfolio Management, Inter-First Investment Management, MacKay-Shields Financial Corp., Mellon Bank, Mercantile Securities, National City Bank in Cleveland and Fayez Sarofim & Co.

Bond managers: Manufacturers Hanover and Scudder, Stevens & Clark.

Real estate managers: Equitable Life Assurance and Thomas L. Karsten Associates.

International managers: Fidelity International and Morgan Grenfell.

Mellon Bank is master trustee.

The asset mix as of Sept. 30 was 67% stocks, 19% bonds, 12% cash and 2% real estate.

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Manville Corp.

($ millions)	
Total assets	691
Pension	677
Profit-sharing	0
Thrift or savings	14
Employer contributions	22
Benefit payments	48

DENVER — As of Sept. 30, 1983, employee benefit assets at Manville Corp. grew 19% to $690 million, up 19% from $580 million the previous year.

During the year Manville rebuffed pressure to terminate its pension plan to recapture an estimated $200 million in excess funding in order to finance abestos claims against the company. How-

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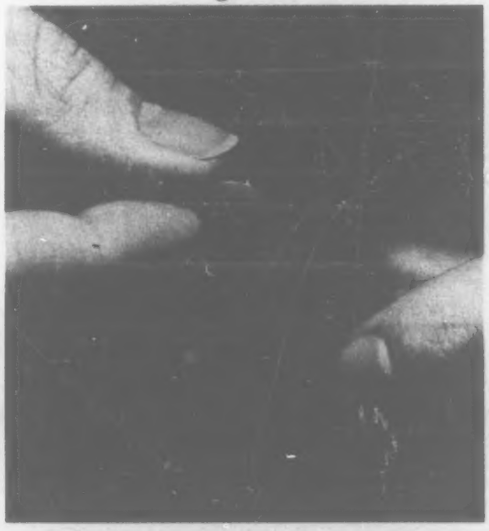

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ever, claimants' lawyers still view that as an issue to be negotiated.

Equity managers: Morgan Guaranty; Scudder, Stevens & Clark; MacKay-Shields; and Centerre Trust Co. Special Equity Group Trust.

Bond managers: Morgan Guaranty; Scudder, Stevens & Clark; and Centerre Trust.

Real estate manager: Morgan Guaranty.

GICs: Metropolitan Life.

The approximate asset mix was 57% stocks, 23% bonds, 8% cash equivalents, 2% real estate equity, 3% mortgages and 7% GICs.

The fund has $40 million placed in GICs and $37.3 million invested in foreign markets. Of the latter, $32 million is in equity and $5.3 million is in fixed income.

Harris Bank & Trust Co. is the master trustee.

Key personnel are J.L. Neill, director-trusteed benefits, and T.D. Yates, manager, pension and thrift funds.

Marathon Oil Co.

	($ millions)
Total assets	1,200
Pension	585
Profit-sharing	0
Thrift or savings	615
Employer contributions	54
Benefit payments	50

FINDLAY, Ohio — Marathon Oil Co.'s employee benefit assets grew by 33% and its pension assets by 37.6% for the year ending Sept. 30,1983 .

The savings and employee stock ownership programs grew by 29.5% and kept an approximate asset mix of 63% GICs, 25% bonds, 11% company stock and 1% other equities.

Balanced managers: Boston Co., Chase Investors, Equitable, IDS Advisory, Jennison Associates and Lord, Abbett.

International manager: Chase Investors.

The approximate asset mix for the pension fund was 70% stocks, 10% bonds, 10% cash equivalents and 10% annuities.

Chase Manhattan is the master trustee.

F.E. Braden, manager-benefits funding, oversees the operation of the funds.

Marine Engineers Benefit Association

	($ millions)
Total assets	756
Pension	756
Profit-sharing	0
Thrift or savings	0
Employer contributions	76
Benefit payments	31

BALTIMORE — The Marine Engineers Benefit Association had total employee benefit assets of $756 million as of Sept. 30, 1983. That was a 17% increase from 1982's $643 million total.

About $104 million is managed in-house in short-term securities.

In May of 1983, the MEBA hired an additional U.S. equities manager, Lazard Freres. It also named Kleinwort, Benson International Ltd. of London to manage $40 million in international equities.

Also during 1983, the MEBA used options as a hedging device.

GICs: The Travelers, New York Life and Metropolitan Life.

Equity managers: Bear Stearns & Co., Kleinwort-Benson International Investment and Lazard Freres Asset Management.

Bond managers: Bear Stearns & Co., Kleinwort-Benson and U.S. Trust.

The approximate asset mix was 7% stocks, 20% bonds, 26% cash equivalents, 7% real estate equity, 38% GICs and 2% mortgages.

Mercantile-Safe Deposit & Trust Co. is the master trustee.

Key investment personnel are Lucille Hart, administrator; Gerald Zensky, controller; and Mei Beavers, assistant to controller.

Martin Marietta Corp.

	($ millions)
Total assets	1,300
Pension	1,100
Profit-sharing	0
Thrift or savings	200
Employer contributions	85
Benefit payments	30

BETHESDA, Md. — Martin Marietta Corp. made three contributions of its own stock to the pension fund in lieu of cash during the past year. The total contribution is worth more than $90 million, about 8% of the pension assets. The total assets of employee benefit plans increased by 40.5% during the past year and the assets of the pension plan grew by 41.9%.

Pension assets under in-house management grew by $30 million to $130 million, all of it in fixed-income. GIC investments dropped to $65 million from $125 million.

Van Eck Management Corp. replaced Connecticut General as a stock manager.

Equity managers: Capital Guardian, State Street Research, Pioneering Management, Eberstadt Asset Management, Van Eck and Gregg, McKay, Knight & McKay.

Bond managers: Mellon Financial Services and T. Rowe Price.

Options: Chase Investors, Loomis Sayles and Travelers.

The approximate asset mix was 63% stocks, 28% bonds (including mortgages), 6% cash equivalents and 3% options.

Bankers Trust Co. is the master trustee.

Wayne H. Shaner, assistant treasurer-pension investment, and Shawn M. Hendon, manager-pension investment, are key investment personnel.

Maryland State Retirement & Pension Systems

	($ millions)
Total assets	3,757
Pension	3,757
Profit-sharing	0
Thrift or savings	0
Employer contributions	500
Benefit payments	400

BALTIMORE — Entering 1984, the Maryland State Retirement and Pensions Systems are looking for managers to run $600 million in fixed-income accounts.

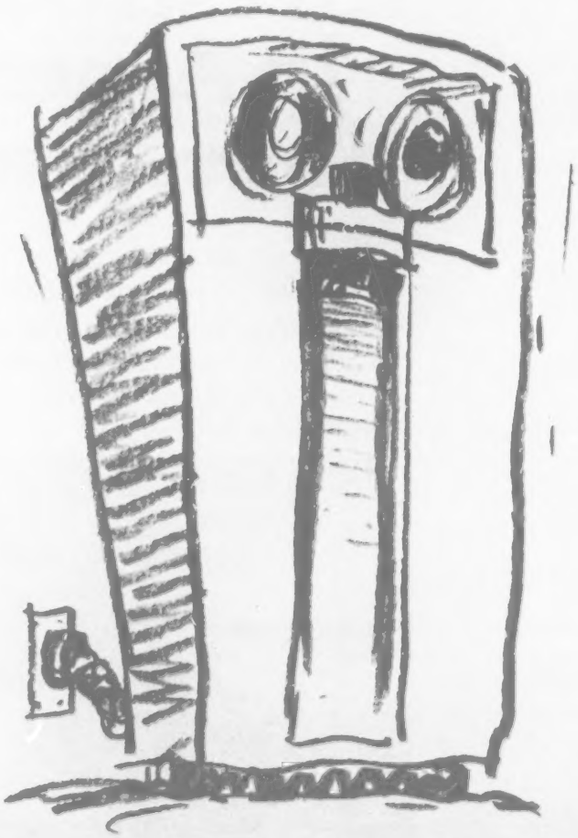
The manager search is another step in the fund's efforts to hire outside managers because of personnel problems.

During the year ending Sept. 30, 1983, the fund hired six managers to run specialty growth accounts.

The fund also hired 10 managers to handle $445 million in large-capitalization equity portfolios.

Separately, an effort to trim back the systems' pension costs by the Maryland Legislature was defeated, but a task force recently issued new recommendations to curb benefits for future participants.

Equity managers: Gregg, McKay; Dimensional Fund Advisors; Hambrecht & Quist; Johnson, Valiant & Broadfoot; Scudder, Stevens & Clark; Wellington Trust Co.; Alliance Capital; State Street Research & Management; Capital Guardian Trust; MacKay-Shields; Loomis, Sayles; Eaton & Howard, Vance Sanders; Investment Advisers; Atlanta Capital Management; Investment Counselors of Maryland; and Hagler, Mas-



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As of Sept. 30, $3 billion of the $3.8 billion fund was managed in-house, with an almost even split between equities and fixed income. Assets rose 30% in the 12-month period to $3.8 billion, up from $2.9 billion.

The asset mix as of that time was 57.8% stocks, 39% bonds, 0.4% cash equivalents, 1% mortgages and 1.8% miscellaneous.

Howard J. France is executive director-investments; Enos T. Throop Jr., director-equities and Arthur M. Lynch Jr., director-fixed income.

Massachusetts State Employees & State Teachers Annuity Funds

($ millions)

Total assets	2,400
Pension	2,400
Profit-sharing	0
Thrift or savings	0
Employer contributions	125
Benefit payments	345

BOSTON — The Massachusetts State Employees and State Teachers Annuity Funds grew 24% from $1.94 billion recorded in 1982.

The funds are managed entirely in-house; a policy barring investment in any corporation doing business or bank making loans in South Africa is in effect.

The bulk of the funds are invested in fixed-income instruments, either bonds or Government National Mortgage Association pass-through certificates.

The approximate asset mix was 7.5% stocks, 50% bonds, 3% cash equivalents and 39.5% mortgages.

The Employees Annuity Fund uses the Bank of Boston as master custodian. The Teachers Annuity Fund uses State Street Bank as master custodian.

Key personnel are Philip D. Kett, chief investment officer, and Alan R. West, senior investment officer.

McDermott International

($ millions)

Total assets	945
Pension	770
Profit-sharing	5
Thrift or savings	170
Employer contributions	80
Benefit payments	40

NEW ORLEANS — McDermott International employee benefit assets increased 17.4% to $945 million as of Sept. 30 from 1982's $805 million.

Equity managers: Fayez Sarofim, BEA Associates, Delaware Management, Forstmann-Leff and in-house.

Bond managers: Mellon Bank and in-house.

GICs: Aetna Life.

The approximate asset mix was 17% stocks, 70.3% bonds and 12.7% GICs.

Of the $770 million in pension assets, $650 million was managed in-house, mostly fixed income.

There is $120 million in GICs and $265 million of the pension assets are in dedicated bond funds. International investments, hedging devices or alternative investments are not used.

Northern Trust is master trustee. N.E. Mezey, vice president, oversees the investment management of the funds.

McDonnell Douglas

($ millions)

Total assets	3,723
Pension	2,902
Profit-sharing	734
Thrift or savings	87
Employer contributions	300
Benefit payments	102

ST. LOUIS — McDonnell

Douglas made its first real estate equity investment during 1983, entering Trust Co. of the West's Fund I. The company also terminated Chemical Bank as a bond manager.

Equity managers: Dimensional Fund Advisors; Treynor-Arbit Associates; Aetna Capital Management; and Bankers Trust Co.

Fixed-income managers: Aetna and Centerre Trust.

International manager: Nomura Capital Management

McDonnell Douglas' total employee benefit assets increased 34% to $3.723 billion as of Sept. 30 from $2.778 billion in 1982.

Employer contributions to the pension fund increased to $300 million from $235 million in 1982. The benefits paid by the company to retirees increased to $102 million from $91 million.

A large part of the pension fund was invested in a stock index fund managed by Bankers Trust Co. The company has international investments but did not disclose the amount.

The approximate asset mix was 60% stocks and 40% fixed-income. The fixed-income total includes cash equivalents and real estate.

Bankers Trust is the master trustee.

The company offers a 401(k) savings plan.

Key personnel are David Hammerstein, director-retirement funds management; Sheryl L. Kwiatek, investment analyst; and John W. Chase, corporate assistant treasurer.

Merck & Co.

($ millions)

Total assets	725
Pension	630
Profit-sharing	0
Thrift or savings	95
Employer contributions	na
Benefit payments	na

RAHWAY, N.J.— As of Sept. 30, 1983, employee benefit assets at Merck & Co. grew 36% to $725 million from $533 million in 1982.

In July the company started a 401(k) plan, which joins an already in place corporate IRA program. Also in 1983, the company allocated $10 million to Morgan Guaranty to invest in oil and gas.

Equity managers: Morgan Guaranty, State Street Research, Brundage, Story & Rose, and Capital Guardian.

Bond managers: Morgan Guaranty.

Real estate managers: Prudential and Morgan Guaranty.

The approximate asset mix was 69% stocks, 19% bonds, 6% cash equivalents, and 6% real estate equity.

Bankers Trust is the master trustee.

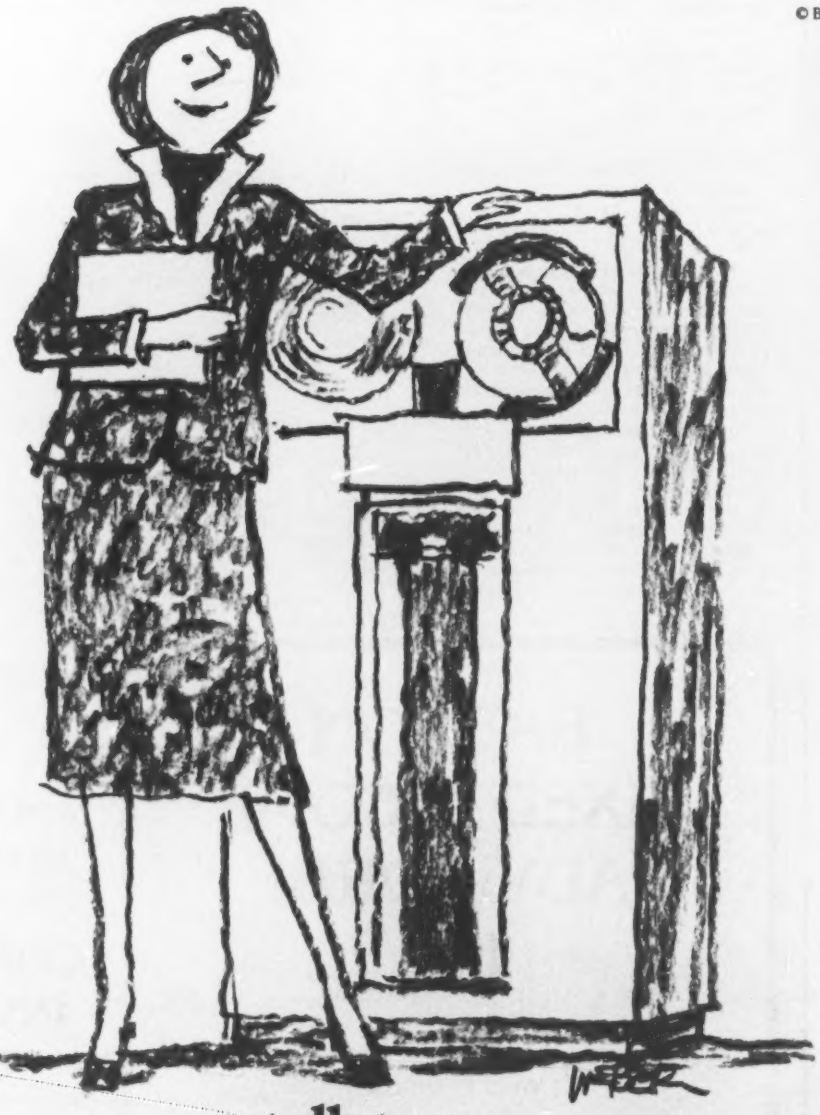
Alfred P. Smith, treasurer and vice president; Lee Hale, assistant treasurer; and Susan Y. Chin, director-pension and benefit investments are key investment personnel.

Metropolitan Life Insurance Co.

($ millions)

Total assets	1,796
Pension	1,796
Profit-sharing	0
Thrift or savings	0
Employer contributions	65
Benefit payments	na

NEW YORK – Metropolitan's own pension assets totaled $1.8 billion



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by Sept. 30, 1983, *Pensions & Investment Age* estimates.

All of the pension assets were internally managed, the company last disclosed in 1982.

Tony Avitabile, manager of benefits planning and development, oversees the funds.

Michigan State Employees Retirement System

($ millions)

Total assets	8,271
Pension	8,271
Profit-sharing	0
Thrift or savings	0
Employer contributions	1,178
Benefit payments	687

LANSING, Mich. — In the spring, the Michigan State Employees Retirement System committed some $18 million to its first venture capital projects. The fund placed $6.4 million with four venture capital projects: Printek, Neogen, Perceptron and Photon. It promised up to another $12 million in the Michigan Investment Fund LP, which promotes small, in-state companies.

The fund, which is 42.5% invested in bonds and 32.1% in stocks, grew 30.5% to $8.271 billion on Sept. 30 from $6.339 billion a year earlier. Cash constitutes 8.7% of the fund, real estate equity, 0.2% and mortgages, 16.5%.

The plan has no international, oil and gas, passive, futures or options investments.

William A. Amerman is director of investments.

City of Milwaukee

($ millions)

Total assets	774
Pension	774
Profit-sharing	0
Thrift or savings	0
Employer contributions	34
Benefit payments	2

MILWAUKEE — The Milwaukee City Fund had total assets of $774 million as of Sept. 30, up 26% from 1982.

The entire amount is in pension assets, and the asset mix is 37% stocks, 51% bonds and 12% cash equivalents. The fund has $100.6 million in a dedicated bond fund.

Equity managers: Criterion Investment Management and Loomis-Sayles & Co.

Bond managers: Criterion Investment Management, Loomis-Sayles & Co. and First Wisconsin Trust Co.

Master trustee for the fund is First Wisconsin Trust Co.

Key personnel for the fund include Robert G. Nehls, secretary and executive director, Duamel Vellon, assistant secretary and director, and Christian Foerster, pension accounting specialist.

Minnesota Mining and Manufacturing Co.

($ millions)

Total assets	1,387
Pension	1,240
Profit-sharing	126
Thrift or savings	21
Employer contributions	90
Benefit payments	16

ST. PAUL, Minn. — Minnesota Mining and Manufacturing Co.'s pension assets increased by 40% in 1983.

3M's was one of nine funds to invest in Forstmann, Little & Co.'s subordinated debt and equity leveraged buy-out fund. It also hired two new real estate advisers: TCW Realty and JMB Institutional Realty. Management Asset Corp. of Westport, Conn., was promoted to full equity manager status.

Equity managers: Alliance Capital Management, Batterymarch, IDS Advisory, Endowment Management and Research, Minnesota Mutual Life, T. Rowe Price and Management Asset.

Bond managers: First Trust Co. of St. Paul, Minnesota Mutual Life, Sun Life, Pacific Investment Management Co. and Hoisington Investment Management Co.

Real estate: Citibank, Equitable Life Assurance Society of the U.S., RREEF, TCW and JMB.

3M has $46.6 million in international equities and uses financial futures. It offers a corporate IRA program and started a 401(k) plan beginning Jan. 1.

The approximate asset mix was 68% stocks, 28% bonds, 3.5% real estate equity and 0.5% mortgages.

First Trust Co. of St. Paul is the master trustee.

H.H. Vernon, assistant treasurer; J.L. Yeomans, manager, pension fund; and R.S. Kang, senior pension fund analyst, oversee operation of the fund.

Master trust directory May 28.

25 largest pension plans
($ millions)

Rank	Fund/sponsor	Assets
1.	American Telephone and Telegraph	53,930
2.	New York State Common Retirement Fund	20,500
3.	California Public Employees Retirement System	20,438
4.	New York City Employees Retirement Systems	19,676
5.	General Motors Corp.	17,800
6.	New York State Teachers' Retirement System	11,300
7.	California State Teachers' Retirement System	10,500
8.	International Business Machines	10,118
9.	General Electric Co.	9,762
10.	New Jersey Division of Investment	9,032
11.	Teacher Retirement System of Texas	8,612
12.	Michigan State Employees Retirement System	8,271
13.	Ford Motor Co.	7,900
14.	Wisconsin Investment Board	7,900
15.	Ohio Teachers Retirement System	7,810
16.	Ohio Public Employees Retirement System	7,700
17.	U.S. Steel and Carnegie Pension Fund	7,310
18.	North Carolina Retirement System	6,998
19.	E.I. du Pont de Nemours & Co.	6,685
20.	Florida State Board of Administration	6,205
21.	Pennsylvania School Employees Retirement System	5,949
22.	Minnesota State Board of Investment	5,202
23.	Washington State Investment Board	5,000
24.	Teamsters, Central States	4,686
25.	GTE Service Corp.	4,800
	TOTAL	234,184

Minnesota State Board of Investment

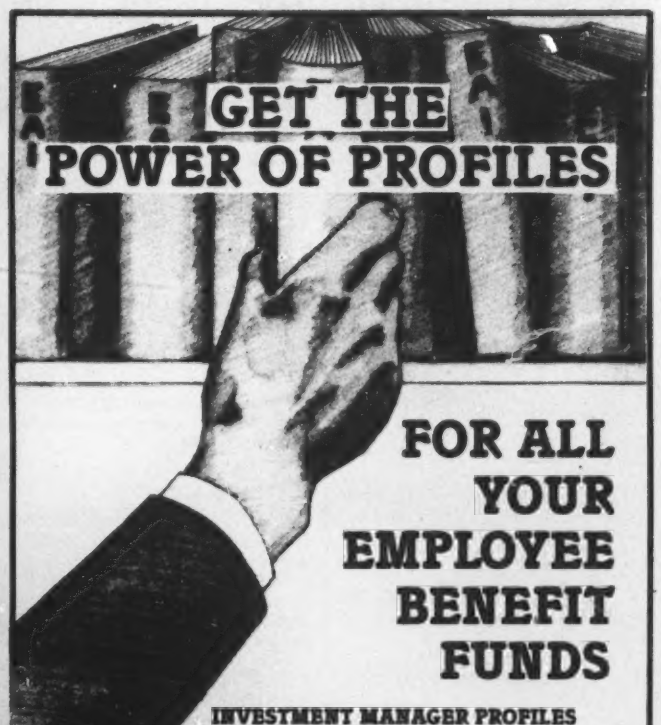
($ millions)

Total assets	5,202
Pension	5,202
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

ST. PAUL, Minn. — The Minnesota State Board of Investment hired 15 outside equity managers and put $1 billion in an index fund with Wilshire Associates this year. It also hired State Street Bank & Trust Co., Boston, as a master custodian.

On Sept. 30, the fund had $5.2 billion in assets, an increase of 27% from a year earlier.

Equity managers: Fred Alger, Alliance Capital, Beutel Goodman, BMI Capital, Forstmann-Leff, Hellman Jordan, IDS Advisors, Investment Advisers, Lieber & Co., Loomis Sayles, Norwest Bank, Research Management, Siebel Capital,



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The fund still manages $4.6 billion internally with $2.3 billion in equities, $2 billion in fixed income and $321 million in short-term.

The fund also has some oil and gas investments.

The asset mix on Sept. 30 was 54% stocks, 28% bonds, 8% cash equivalents, 2% real estate equity and 8% mortgages.

Key personnel for the fund include Howard J. Bicker, executive director, and Jeffrey V. Bailey, assistant executive director.

Public Employees Retirement System of Mississippi

($ millions)	
Total assets	1,578
Pension	1,578
Profit-sharing	na
Thrift or savings	na
Employer contributions	130
Benefit payments	90

JACKSON, Miss. — The Public Employees Retirement System hired nine new managers in 1983.

In August, the system took a $1.35 billion chunk of the money it ran in-house and split it among seven bond managers.

Two new equity managers were hired in July: Eaton & Howard, Vance Sanders and INVESCO Capital.

Total fund assets grew 27% in 1983 to $1.6 billion.

Equity managers: Alliance Capital; Eaton & Howard, Vance Sanders; Fayez Sarofim; INVESCO Capital; and Scudder, Stevens & Clark.

Bond managers: Criterion Investment; Dreyfus Management; Lehman Management; Mackay-Shields Financial; Manufacturers Hanover Trust; Pacific Investment; and Wentworth, Hauser & Violich Investment.

The approximate asset mix was 12.9% stocks, 78.5% bonds and 8.6% cash equivalents.

First National Bank of Jackson is master trustee.

Key personnel are Fred Walker, executive secretary; Charles D. Wilkinson, deputy director-investments; and James H. Dunn, investment manager.

Missouri Public School Retirement System

($ millions)	
Total assets	2,072*
Pension	2,072
Profit-sharing	na
Thrift or savings	na
Employer contributions	110
Benefit payments	117

*As of June 30, 1983

JEFFERSON CITY, Mo. — Total assets of the Missouri Public School Retirement System increased 41% during the 12 months ending June 30.

Contributions to the retirement fund were down, to $110 million from $178 million the previous year. Benefits paid out were much higher, $117 million compared with $78 million.

Equity manager: Boatmen's National Bank.

Bond manager: Boatmen's National Bank.

The approximate asset mix was 11% stocks, 70% bonds, 5% cash equivalents and 14% mortgages.

Boatmen's National Bank is the master trustee.

Key personnel are David W. Mustoe, executive secretary, and Joel M. Walters, assistant executive secretary.

Mobil Oil Corp.

($ millions)	
Total assets	3,000
Pension	2,000
Profit-sharing	0
Thrift or savings	1,000
Employer contributions	230
Benefit payments	140

NEW YORK — Mobil Oil Corp. manages $300 million internally, $200 million in fixed income and $100 million in short-term investments.

The $2 billion in pension assets listed is only for the Mobil Oil Retirement Plan. It does not include the assets of Montgomery Ward or Container Corp. of America, two Mobil subsidiaries.

Equity managers: Bankers Trust; Capital Guardian Trust; Chase Investors Management; Citibank; Fayez Sarofim; Putnam Advisory; State Street Research & Management; Stein Roe & Farnham; T. Rowe Price; and Weiss, Peck & Greer.

Bond manager: U.S. Trust Co.

International manager: Morgan Guaranty Trust, through its commingled vehicles.

The pension fund had $200 million in passive bonds, and $300 million in GICs as of Sept. 30. The fund also had $300 million in foreign markets: $200 million in international equities and $100 million in fixed-income.

The fund's approximate asset mix was 50% stocks, 40% bonds and 10% cash equivalents as of Sept. 30.

The company offers a 401(k) plan.

U.S. Trust Co. is the master trustee.

Charles J. Cluna is manager-benefit funds; R.H. Gardner is treasurer; and J.D. Roxe is senior assistant treasurer.

Monsanto Co.

($ millions)	
Total assets	2,125
Pension	1,800
Profit-sharing	na
Thrift or savings	325
Employer contributions	na
Benefit payments	na

ST. LOUIS — Monsanto Co.'s assets were up 18% to $2.1 billion in 1983 from its 1982 figure.

The asset mix of the fund as of Sept. 30 was 67% stocks, 26% bonds and 7% in real estate equity. The fund has $50 million in international investments, all in equities. The fund uses options and financial futures.

Equity managers: David L. Babson; MacKay-Shields; Pioneering Management; T. Rowe Price; Citibank; Delaware Investment Advisers; Eberstadt Asset; Equitable Life; Lord Abbett; Morgan Guaranty; and Putnam Advisory.

Bonds: Brown Bros. Harriman; Fischer, Francis, Trees & Watts; Centerre; and U.S. Trust.

The master trustee is Northern Trust.

The company offers its employees both a 401(k) plan and a corporate IRA program.

Key personnel for the fund include A.E. Wolfarth, assistant treasurer, and R.P. McGahan, manager pension assets.

Montana Board of Investments

($ millions)	
Total assets	682*
Pension	682
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

*As of June 30, 1983

HELENA, Mont. — The Montana Board of Investments' assets grew 18.2% to $682.2 million on June 30, from $577 million a year earlier. The assets, which are managed in-house, are held in stocks, 18.9%, bonds, 80.6% and short-term investments, 0.5%.

Manufacturers Hanover Bank is the fund's master custodian.

James R. Howeth is investment officer; Rodney G. Young is assistant investment officer; and Richard Kain is portfolio manager.

Montgomery Ward & Co.

($ millions)	
Total assets	588
Pension	626
Profit-sharing	62
Thrift or savings	0
Employer contributions	20
Benefit payments	60

NEW YORK — Montgomery Ward & Co., a subsidiary of Mobil Corp., had $688 million in employee benefits as of Sept. 30, 1983.

Equity managers: Stein Roe & Farnham; Weiss, Peck & Greer and T. Rowe Price Associates.

Bond managers: Stein Roe &

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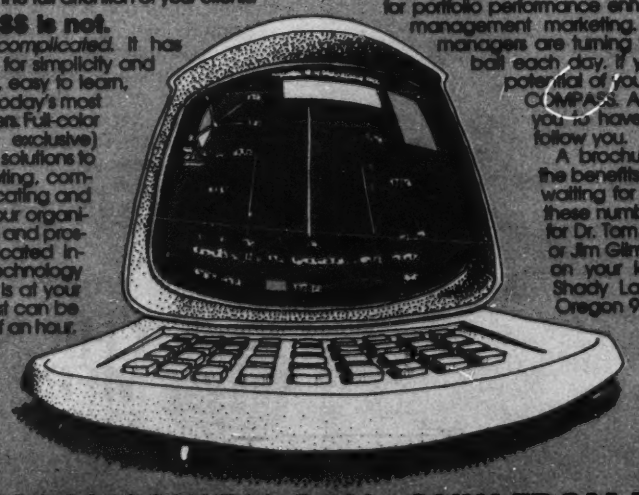

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Farnham.

The approximate asset mix was 69% stocks, 29% bonds, and 2% cash equivalents. Montgomery Ward offers a 401(k) plan.

Ann L. Raives, assistant treasurer, and Robert S. Cole Jr., senior pension analyst, are key investment personnel.

n

National Rural Electric Cooperative Association

($ millions)

Total assets	985
Pension	822
Profit-sharing	0
Thrift or savings	163
Employer contributions	145
Benefit payments	70

WASHINGTON — Pension assets at the National Rural Electric Cooperative Association shot up 44% during the 12-month period ending Sept. 30. Pension assets rose to $822 million from $570 million the year before.

Equity managers: Atlanta Capital; Barrow, Hanley, Mewhinney & Strauss; Capital Guardian; Chesapeake Capital; Liberty Square; Waite & Correnti; and Wilmington Capital.

Bond managers: Lincoln Income; Capital Guardian; and Harris Trust & Savings Bank.

International managers: Morgan Guaranty and Kleinwort Benson International Investment.

GICs: Aetna and Travelers.

The NRECA had $64 million invested internationally as of Sept. 30, with $62 million of that in equities and $2 million in bonds.

Twenty-five percent of its pension assets were managed in-house.

The association has $163 million in thrift plan assets. It also runs an IRA program.

The mix for the pension assets as of Sept. 30 was 59% stocks, 15.5% bonds, 14% cash equivalents, 3% mortgages and 8.5% GICs.

Wachovia Bank & Trust is the master trustee.

Overseeing the fund are Peter Morris, manager-investment division; Tom Sowanick, fixed-income portfolio manager; and Joel Oppenheim, senior equity portfolio manager.

National Steel Corp.

($ millions)

Total assets	1,027
Pension	943
Profit-sharing	0
Thrift or savings	84
Employer contributions	116
Benefit payments	100

PITTSBURGH — Employee benefit assets totaled $1.027 billion as of Sept. 30, an increase of 24% from 1982's $828 million total.

In 1983, employees at National Steel's plant in Weirton, Pa., approved an employee buy-out agreement to purchase the plant. The sale includes an agreement that National Steel assume responsibility for pension liabilities if the new company fails within five years of the transaction.

Equity managers: Citibank; Dreyfus Management; Brokaw Capital; NSR Asset Management; and Value Line Asset Management.

Bond managers: Citibank; Centerre Trust; and Equitable Life.

Real estate managers: Equitable Life; John Hancock and Prudential

The approximate asset mix was 34% stocks, 38% bonds, 19% cash equivalents and 9% real estate equity.

There is $8 million invested in GICs. The fund uses venture capital but not international investments or hedging devices.

The company has a 401(k) plan and a corporate IRA program.

Bankers Trust is the master trustee.

D.W. Gingery, manager-pension fund administration, oversees the investment management of the funds.

Nevada Public Employees Retirement System

($ millions)

Total assets	1,200
Pension	1,200
Profit-sharing	0
Thrift or savings	0
Employer contributions	111
Benefit payments	47

CARSON CITY, Nev. — Total assets of the Nevada Public Employees Retirement System increased by 54%, to $1.2 billion on Sept. 30, 1983, from $777 million on June 30, 1982.

The large percentage increase is not only because of the difference in reporting periods, but also because 1982 figures reflect reported book value of total assets while 1983 figures represent the market value of all employee benefit assets.

Further, a fund official said, total assets saw an increase of $80 million from dividends and investment income during the year.

About $170 million in real estate investments or 15% of total assets, is managed internally.

Manager: Criterion Investment Management, formerly Funds Advisory Co. of Houston.

A decision on diversifying investment styles with additional external managers will be made in February 1984.

The approximate asset mix was 17% stocks, 68% bonds and 15% real estate equity.

Nevada National Bank is the master trustee.

Key pension investment personnel include Will Keating, executive officer; Lawrence Grissom, assistant executive officer; Linda Jean Lofgren, investment analyst; and J. Laura Wallace, investment analyst.

New Jersey Division of Investment

($ millions)

Total assets	9,032*
Pension	9,032
Profit-sharing	0
Thrift or savings	0
Employer contributions	575
Benefit payments	425

*As of June 30, 1983

TRENTON, N.J. — The pension assets of the New Jersey Division of Investment surged 46.8% in the year ended June 30 to $9.032 billion.

All of the assets are managed internally, and the asset mix as of June 30 was 33% equities, 46% bonds, 9% cash equivalents and 12% mortgages. The fund uses options and has less than 1% of real estate equity.

The contributions by the state to the retirement systems are expected to total about $575 million and benefit payments will total about $425 million.

The fund is overseen by Roland Machold, director of the fund, and William Mooney, deputy director.

New Mexico Educational Retirement Board

($ millions)

Total assets	725*
Pension	725
Profit-sharing	0
Thrift or savings	0
Employer contributions	49
Benefit payments	39

*As of June 30, 1983

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SANTA FE, N.M. — The New Mexico Educational Retirement Board's employee benefit assets totaled $725 million as of June 30. Employee benefits rose about 34.2% from the 1982 figure.

All employee benefit assets are managed in-house.

The approximate asset mix was 82% stocks, 9% bonds and 9% cash equivalents.

Citibank, in conjunction with the State of New Mexico Treasury, is custodian for the funds.

Frank Ready is director of the pension fund and Robert Short is investment manager.

New Mexico Public Employees Retirement Association

($ millions)	
Total assets	670
Pension	670
Profit-sharing	0
Thrift or savings	0
Employer contributions	90
Benefit payments	27

SANTA FE, N.M. — The New Mexico Public Employees Retirement Association had assets of $670 million as of Sept. 30.

Equity manager: Fiduciary Trust Co.

The sponsor manages $78,659 million internally.

The asset mix of the pension assets as of Sept. 30, was 30% stocks and 70% bonds.

Leonard T. Valdes is executive secretary of the fund.

New York City Employees Retirement Systems

($ millions)	
Total assets	19,676 *
Pension	19,676
Profit-sharing	0
Thrift or savings	0
Employer contributions	2,112
Benefit payments	1,868

*As of June 30

NEW YORK — The assets of the New York City Employees Retirement Systems increased by 23.3% to $19.6 billion as of June 30.

The asset mix of the fund at that time was 35% equities, 52% bonds, 12% cash equivalents and 1% mortgages. It does not use international, venture capital or other alternative investments.

The fund manages $4.4 billion internally. Of this, $2 billion is in fixed income and $2.4 billion is in cash equivalents.

About $2.5 billion is in an index fund with Bankers Trust.

The comptrollers' office manages part of the New York City Teachers Retirement System, but the $2.6 billion variable annuity fund is managed independently by managers selected by that fund.

Equity managers: Alliance Capital Management; BEA Associates; Eberstadt Asset Management; Forstmann-Leff Associates; McKay-Shields; Oppenheimer Capital Corp.; and Scudder Stevens & Clark.

Bond managers: Chemical Bank; Citibank; Fiduciary Trust; and Lehman Management.

Citibank is the master custodian for the system.

Managers (for the teachers' fund): Alliance Capital; Bankers Trust; Batterymarch Financial Management; BMI Capital Corp.; GeoCapital Investment; Management Asset Corp.; Gregg, McKay, Knight & McKay; McConnell & Miller; Prudential; Scudder, Stevens; Treynor, Arbit; Value Line Asset Management; Wells Fargo; and William D. Witter & Co.

William Badger, third deputy comptroller, and John Byrnes and May Mahr, senior investment analysts, oversee the city funds.

Wally Sullivan, executive director, and Patrick Kiernan, assistant executive director, oversee the teachers variable annuity fund.

New York Life Insurance

($ millions)	
Total assets	997
Pension	938
Profit-sharing	43
Thrift or savings	16
Employer contributions	12
Benefit payments	29

NEW YORK — As of Sept. 30, *Pensions & Investment Age* estimates the employee benefit assets of New York Life totaled $997.5 million. The assets, all of which are managed internally, had totaled $941 million as of Dec. 31, 1982.

Group annuity contracts held by the company in a general account comprise 97% of the assets; the remaining 3% of the assets was in equity real estate.

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There is a corporate IRA program and, on Jan. 1, a new progress-sharing investment trust was introduced.

Trustees of benefit plans are the master trustee.

Key personnel are Donald K. Ross, chairman; Jacob B. Underhill, president; and George A.W. Bundschuh, executive vice president.

New York State Common Retirement Fund

	($ millions)
Total assets	20,500
Pension	20,500
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

ALBANY, N.Y. — The New York State Common Retirement Fund increased its total pension assets 21% to $20.5 billion as of Sept. 30, 1983, from $16.9 billion the previous year. In 1983 the pension fund committed $25 million to Goldman Sach's real estate equity fund. Near the end of the year, the state fund pledged $48 million to venture capital investments, earmarking $25 million for business opportunities in New York State.

Equity managers: Alliance Capital Management; Bank of New York; Chemical Bank (Favia, Hill & Associates), J. & W. Seligman, Lazard Freres, Morgan Guaranty, Oppenheimer Capital Corp., L.F. Rothschild, Unterberg, Towbin and Shearson/American Express.

The fund internally manages $17.2 billion, of which $3.5 billion is in two stock index funds. The in-house staff invests more than half the $20.5 billion total in fixed-income securities, including government and corporate bonds, mortgage-backed securities and conventional mortgages. Also, about 5.6% of the total is invested in short-term instruments.

The approximate asset mix as of Sept. 30, 1983, was 32% stocks, 43% bonds, 6% cash equivalents, 1% real estate equity, and 18% mortgages.

Chase Manhattan Bank is the master trustee.

Key investment personnel for the fund are Edward V. Regan, New York state comptroller; Suzanne Jaffe, deputy comptroller for investment and cash management; and Raymond Healey, chief investment officer.

New York State Teachers' Retirement System

	($ millions)
Total assets	11,300
Pension	11,300
Profit-sharing	0
Thrift or savings	0
Employer contributions	800
Benefit payments	480

ALBANY, N.Y. — The assets of the New York State Teachers' Retirement System grew by 11.3% in the year ended Sept. 30 to $11.3 billion from $9.9 billion.

Of the system's total assets, $10.7 billion is managed in-house: $4.6 billion in equities; $5.8 billion in fixed income; and $300 million in short-term assets.

Equity managers: In-house, Manufacturers Hanover Trust, Sanford C. Bernstein and Lehman Management.

The fund has $500 million in indexed assets and it uses options and venture capital.

The overall asset mix is 51.3% in fixed income, 46.7% in equities and 2% in cash.

The fund is overseen by Harold N. Langlitz, executive secretary and Edward J. Reno, securities investment officer.

Pension & Investment Age's international adviser directory will be published June 25.

North American Philips

	($ millions)
Total assets	686
Pension	609
Profit-sharing	0
Thrift or savings	77
Employer contributions	50
Benefit payments	12

NEW YORK — Employee benefit assets of North American Philips Corp., as of Sept. 30, totaled $686 million, of which $609 million was pension assets and $77 million was in the thrift or savings plan.

Last June, Arthur J. Montegari Jr. joined the fund as director-pension finance and investments.

The company added a 401(k) plan as of Jan. 1, 1984.

About $12 million in indexed funds and $65 million in GICs are under management with an unspecified external manager. The two amounts make up the total $77 million thrift or savings plan assets.

There is a 5% weighting of total assets, or about $34 million, in real estate investments under management with Equitable Life.

Equity managers: Lord, Abbett; State Street Research; and Alliance Capital Management.

Bond managers: Pacific Investment Management and Lincoln Capital in Chicago.

Real estate manager: Equitable Life.

The approximate asset mix was 68% stocks, 27% bonds and cash equivalents and 5% real estate equity.

Bankers Trust is the master trustee.

Mr. Montegari is the person who oversees investment of the fund.

North Carolina Retirement System

	($ millions)
Total assets	6,998*
Pension	6,998
Profit-sharing	0
Thrift or savings	0
Employer contributions	360
Benefit payments	304

*Book value

RALEIGH, N.C. — The North Carolina Retirement System put up $50 million in a $285 million private placement to finance the mortgage of Mellon Bank's new headquarters in Pittsburgh.

The nearly $7 billion fund is internally managed, but does hire a number of money management firms to provide investment advice.

Equity advisers: Alliance Capital; Thorndike, Doran, Paine & Lewis; First Citizens Bank & Trust; First Union National Bank; North Carolina National Bank; and Wachovia Bank & Trust.

Bond adviser: Duff & Phelps (credit analysis only).

The fund uses covered call options.

As of Sept. 30, the fund had $6.9 billion in assets, up from $6 billion a year earlier. The system provides data in book value only.

The asset mix at that time was 20.6% stocks, 77.7% bonds and 1.7% cash equivalents.

Banks of New York is master trustee for bonds and First Union National Bank for equities.

C. Douglas Chappell is deputy treasurer and director-investment and banking division.

Northrop Corp.

	($ millions)
Total assets	1,556
Pension	1,057

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Profit-sharing 499
Thrift or savings 0
Employer contributions 140
Benefit payments 65

NEW YORK — Northrop Corp.'s $1.5 billion pension fund uses no alternative investments. Its asset mix as of Sept. 30 was 73% equities, 20% fixed-income and 7% cash equivalents.

Equity managers: Capital Guardian Trust; Forstmann-Leff Associates; Putnam Advisory; Rosenberg Capital Management; Jennison Associates; and State Street Research.

Bond managers: Fischer, Francis Trees & Watts; Jennison Associates; and Capital Corp.

Bankers Trust Co. is the master trustee. Northrop offers a 401(k) plan.

Richard B. Lohrer, treasurer, oversees the fund.

Ohio Police and Firemen's Disability and Pension Fund

($ millions)

Total assets 1,421
Pension 1,421
Profit-sharing 0
Thrift or savings 0
Employer contributions 108
Benefit payments 145

COLUMBUS, Ohio — Employee benefit assets of the Ohio Police and Firemen's Disability Fund increased 15.7% during the year ended Sept. 30, 1983.

The fund chose Duff & Phelps Investment Management and Central National Bank of Cleveland to manage $5 million each in special equities. The funds are to be invested in stocks of Ohio companies only.

Equity managers: Travelers Investment Management; Value Line; Central National Bank; and Duff & Phelps.

Bond managers: In-house.

The approximate asset mix was 19% stocks, 69% bonds and 12% cash equivalents.

Richard F. Thompson, investment manager, and Theodore Hall, assistant investment manager, oversee investment management.

Ohio Public Employees Retirement System

($ millions)

Total assets 7,700*
Pension 7,700
Profit-sharing 0
Thrift or savings 0
Employer contributions 535
Benefit payments 465

*As of June 30, 1983

COLUMBUS, Ohio — The $7.7 billion Ohio Public Employees Retirement System had increased its assets by $1.4 billion on June 30, or 18% from a year earlier. The majority of the assets are managed in-house.

Of the $7.6 billion managed in-house, $2 billion are in equities, $5.1 billion are in fixed income and $500 million are in short-term instruments.

Real estate managers: Aetna, CIGNA, Smith Barney and Wachovia Bank & Trust.

Key personnel in the organization include Robert McLaughlin, investment officer, and Dwight Churchill, assistant investment officer.

Ohio School Employees Retirement System

($ millions)

Total assets 1,301
Pension 1,301
Profit-sharing 0
Thrift or savings 0
Employer contributions 91
Benefit payments 117

COLUMBUS, Ohio — Employee benefit assets of the School Employees Retirement System of Ohio increased 11% during the year ended Sept. 30, 1983.

As of that date, the fund managed more than $1 billion of its assets in-house: $15 million in equity; $790 million in fixed income; $78 million in short-term assets; and $141 million in real estate.

The fund's sole investment manager, on a non-discretionary basis, is Bankers Trust Co.

The approximate asset mix for the entire fund was 22% stocks, 36% bonds, 6% cash equivalents, 11% real estate equity and 25% mortgages.

Key personnel are R. Jack Cooper, assistant director and investment officer; Paul M. Kubinsky, assistant investment officer-equities; and Robert Cowman, assistant investment officer-fixed income.

Ohio Teachers Retirement System

($ millions)

Total assets 7,810
Pension 7,810
Profit-sharing 0
Thrift or savings 0
Employer contributions 433
Benefit payments 518

COLUMBUS, Ohio — The State Teachers Retirement System of Ohio had assets of $7.8 billion on Sept. 30, a $1.6 billion increase from the previous year.

The fund is internally managed, with Thorndike, Doran, Paine & Lewis as a consultant.

The asset mix for the fund Sept. 30 was 34.7% stocks, 26.8% bonds, 13.2% cash equivalents, 14.4% real estate equity and 10.9% mortgages.

The fund uses options, financial futures and venture capital.

Key personnel involved in the investment management of the Ohio teachers system include Stephen A. Mitchell, director of investments, Robert Leggett, portfolio manager-equities, Stephen Bossu, portfolio manager-fixed income, and Susan Shumaker, manager-real estate.

Oklahoma Teachers Retirement System

($ millions)

Total assets 990
Pension 990
Profit-sharing 0
Thrift or savings 0
Employer contributions 65
Benefit payments 120

OKLAHOMA CITY — Oklahoma Teachers' employee benefit assets rose 38% as of Sept. 30, to $990 million from 1982's $716 million.

Investment management for most of the fund, previously handled entirely in-house under the investment advice of the First National Bank and Trust Co. of Oklahoma City, was given to outside managers. Only short-term investments remain in-house.

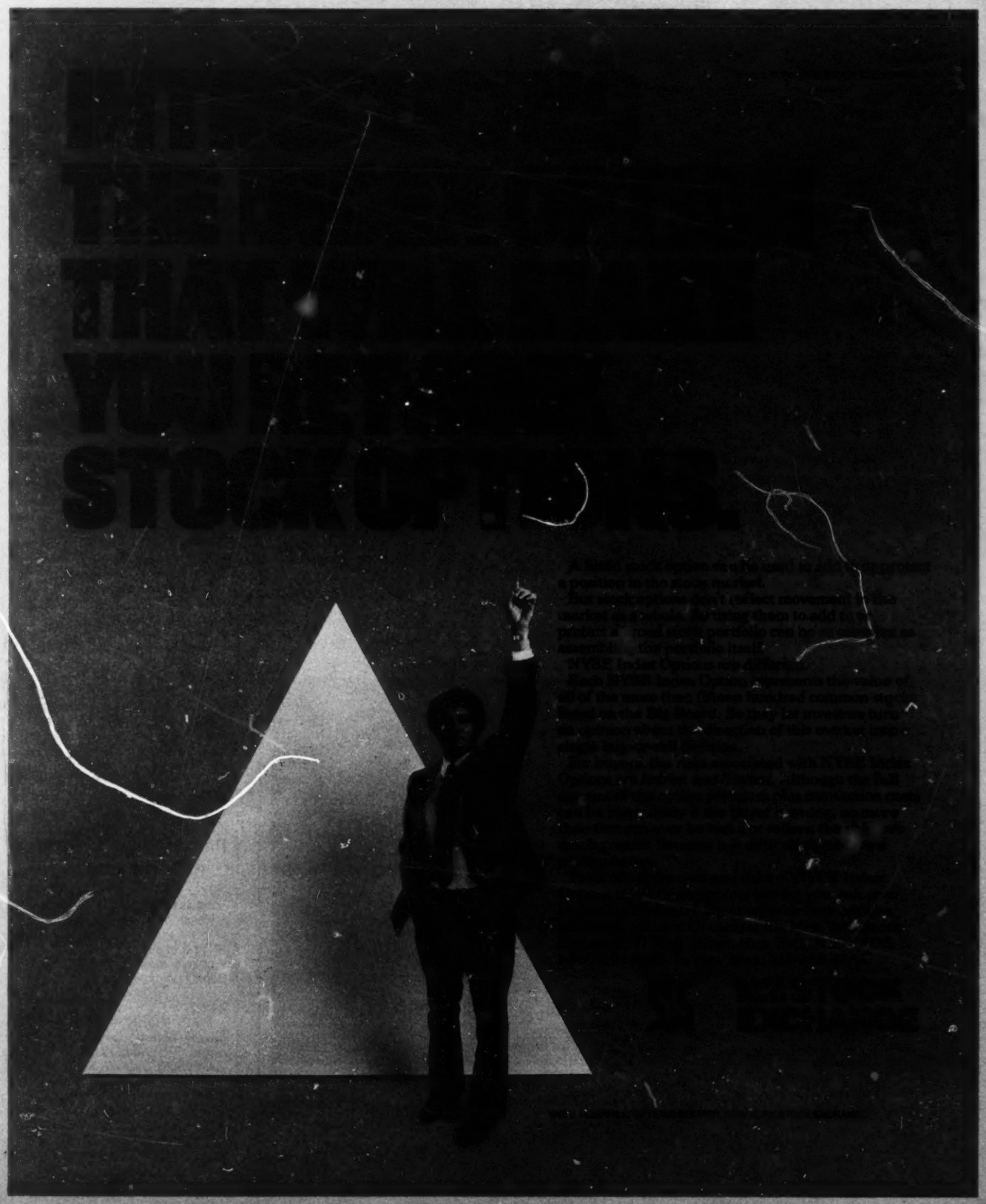
The fund hired three balanced advisers, each managing has one-third of the funds allocated to outside management. It dropped First National Bank and Trust.

Balanced managers: Liberty National Bank and Trust Co. of Oklahoma City; Bank of Oklahoma; and Tom Johnson Investments.

The approximate asset mix was 15% stocks, 75% bonds and 10% cash equivalents.

The fund doesn't use international investments, hedging devices or alternative investments.

Jo Witt oversees the investment management of the fund.



International Union of Operating Engineers

($ millions)

Total assets	944
Pension	944
Profit-sharing	0
Thrift or savings	0
Employer contributions	81
Benefit payments	41

WASHINGTON — The International Union of Operating Engineers' pension assets totaled $943.6 million as of Sept. 30, a 25.5% increase from 1982's total of $752 million.

Equity managers: American National Bank (Chicago); Century Capital Associates; Dimensional Funds Advisors; and Forstmann-Leff Associates.

Bond managers: Criterion Investment Management (formerly Funds Advisory); Lehman Management; Mellon Bank; STW; and Union Labor Life Insurance.

Mortgages: AFL-CIO Housing Investment Trust and Aldrich, Eastman & Waltch.

GICs: Aetna Life; Metropolitan Life; Mutual Benefit Life; Phoenix Mutual; Travelers Insurance; and Union Mutual Life.

The approximate asset mix was 32% stocks, 31.5% bonds, 7% cash equivalents, 10% mortgages and 19.5% GICs.

The fund manages $231.7 million in-house. Of that, $163.5 million was in fixed-income and $68.2 million was in short-term investments.

The fund also has $169.6 million indexed, $66.3 million in immunized and dedicated bond funds; and $184 million in GICs. Financial futures also are used.

State Street Bank is the master trustee.

The key person involved in overseeing the fund is Jack E. Johnson, director of finance.

Oregon Public Employees Retirement System

($ millions)

Total assets	3,800
Pension	3,800
Profit sharing	0
Thrift or savings	0
Employer contributions	400
Benefit payments	135

SALEM, Ore. — The Oregon Public Employees Retirement System entered the venture capital and leveraged buy-out arena this year, deciding to place up to $40 million in venture capital funds that invest in the Northwest.

Also, the fund hired a new equity manager — Froley, Revy Investment Co. Inc.

Pension assets climbed about 12% during the past year, to $3.8 million on Sept. 30, from $3.4 million the previous year. The amount managed internally — all in bonds — declined slightly, to $1.8 billion from $2 billion.

Equity managers: Batterymarch; BEA Associates; Columbia Management; Froley, Revy; General American; Glickenhaus; Harris Associates; Hotchkis & Wiley; Quest Advisory; Rosenberg Capital Management; Fayez Sarofim; and William Witter.

Real estate manager: Alex Brown Realty Advisors.

Venture capital: Cable, Howse & Cozadd; Ranier Venture Partners; Menlo Associates; and Northwest Venture.

Leveraged buy-outs: Kohlberg Kravis Roberts & Co.

Master trustee is First Interstate of Oregon.

James C. George, investment manager, and William Unverzagt, senior investment officer, are the key investment personnel.

Owens-Illinois Inc.

($ millions)

Total assets	1,341
Pension	1,214
Profit-sharing	0
Thrift or savings	127
Employer contributions	68
Benefit payments	72

TOLEDO, Ohio — Both Owens-Illinois' pension and total employee benefit assets increased by one-third in 1983.

The plan hired two international managers during the year — Morgan Grenfell and Grantham, Mayo, Van Otterloo — replacing Lazard, Freres & Co., which has abandoned international management. Lazard remains as a domestic equity manager. Also new is Julius Baer for fixed-income and Institutional Petroleum Advisors, which replaced Boston Co. Energy Advisors for oil and gas investing.

Equity managers: Lazard Jennison Associates; Wright Investors; and Dean Witter Intercapital.

Bond managers: Julius Baer; Toledo Trust; Lazard Freres; Boston Co. Institutional Investors; and Harris Trust & Savings.

Real estate managers: RREEF; Aldrich, Eastman & Waltch; American Agriculture; and the Boston Co. Real Estate Counsel.

International managers: Morgan Grenfell and Grantham, Mayo, Van Otterloo.

GICs: Metropolitan Life Insurance Co.

Owens-Illinois runs $38.5 million of its stock portfolio internally. The company has $85.7 million in international markets, of which $71.7 million is stocks and $14 million is bonds. Venture capital stocks make up 0.5% of the portfolio. Owens offers both a 401(k) plan and a corporate IRA program.

The approximate asset mix was 68.2% stocks, 14.3% bonds, 6.5% cash equivalents, 7.7% real estate equity, 2.8% mortgages and 0.5% oil and gas.

Wachovia Bank & Trust is the master trustee.

Key personnel are J.A. Bohland, senior vice president-finance; G.W. Cottrell, treasurer; and R.C. Boller, director-portfolio management and benefit funds.

P

Pacific Gas & Electric

($ millions)

Total assets	1,920
Pension	1,383
Profit sharing	0
Thrift or savings	537
Employer contributions	91
Benefit payments	59

SAN FRANCISCO — Pacific Gas & Electric increased its commitment to real estate in early 1983 by committing $20 million to TCW Realty Advisors' first closed-end fund. It also committed between $10 million and $15 million to RREEF Fund West VI, which will start operations in early 1984.

As of Sept. 30, total employee benefit assets increased 28% to almost $1.9 billion from $1.5 billion the previous year. Of the total, almost $1.4 billion is pension assets.

As of the same date, the asset mix of the pension fund was 56% stocks, 10% bonds, 12% cash equivalents, 4% equity real estate, 12% general accounts, 4% GICs and 2% private placements.

PG&E has $62 million invested in GICs.

Equity managers: Barrow, Hanley, Mewhinney & Strauss; Cashman Farrell and Associates; Chase Investors; Eberstadt Asset; Endowment Management & Research; Frontier Capital Management; IDS Advisory Group; Jundt/Capen Associates; MPT Associates; McCowan Associates; Miller, Anderson & Sherrerd; T. Rowe Price; Dodge & Cox.

Bond managers: Fischer, Francis, Trees & Watts; IDS Advisory; T. Rowe Price.

Real estate: Corporate Property Investors; Prudential; TCW Realty; RREEF.

State Street Bank and Trust is master trustee.

Overseeing management of the fund are Stanley T. Skinner, executive vice president and chief financial officer; Gordon R. Smith, vice president-finance and treasurer; and Janice K. Murphy, director-pension fund management.

Pan American World Airways Inc.

($ millions)

Total assets	1,295
Pension	1,295
Profit-sharing	0
Thrift or savings	0
Employer contributions	107
Benefit payments	155

NEW YORK — Pan Am's employee benefit assets, all pension assets, increased 12.8% in the year ended Sept. 30, to $1.3 billion.

During the year, Pan Am was granted a waiver by the IRS to defer $133 million in pension payments that had been due Sept. 15, 1982. It was the second waiver granted the pension plan since 1981.

Beginning last April, the company was required to make monthly contributions of $12 million to an escrow fund to cover its 1982 pension fund contributions.

Pan Am added Waite & Correnti as an equity manager. It dropped Morgan Guaranty and Bankers Trust for bonds and scaled down Citibank.

Equity managers: Citibank; Rosenberg Capital Management; Delaware Investment Advisors; Putnam; Batterymarch; John Hancock; Trust Co. of the West; Waite & Correnti; Reich & Tang; Bankers Trust; and Fayez Sarofim.

Bond managers: Putnam Advisory Corp.; Mellon National Bank; Rosenberg Capital Management; and Trust Company of the West.

Real estate manager: Citibank.

The approximate asset mix was 48% stocks, 43% bonds and 9% cash equivalents. Bankers Trust Co. is the master trustee.

Overseeing the fund are Harold N. Friesen, assistant treasurer; Carl F. Stillwell, director-pensions; and Charles P. Dunn, manager-pensions and

J.C. Penney Co.

($ millions)

Total assets	1,663
Pension	705
Profit-sharing	958
Thrift or savings	0
Employer contributions	50
Benefit payments	na

NEW YORK — Employee benefit assets of J.C. Penney Co. increased 38% in the year ended Sept. 30, 1983.

During the year, the fund added Miller, Anderson & Sherrerd as a bond manager. It also hired TCW Realty Advisors for real estate management and Sprout Funds for venture capital.

Equity managers: Rosenberg Capital Management; Batterymarch Financial Management; Torray and Clark; Tallasi Manage-

Pension funds with indexed assets

($ millions)

Funds	Assets
AT&T	8,468
New York City Employees	2,500
California Public Employees	2,000
Maryland State	1,513
Ford Motor Co.	1,300
Washington State Board	1,100
Exxon Corp.	933
Deere & Co.	849
New York State Teachers	500
Pa. State Employees	417
Arizona State System	340
Virginia Supplemental	300
World Bank Staff Retirement	300
IBM	274
Shell Pension Trust	246
Mobil Oil Corp.	200
Trans World Airlines	196
Southern New England Phone	189
Tennessee Valley Authority	183
Allied Corp.	170
Aluminum Co. of America	170
Operating Engineers	169
Phillips Petroleum Co.	164
United Methodist	160
Sperry Corp.	152
Celanese Corp.	150
RCA Corp.	144
Standard Oil Co. (Ind.)	130
United Air Lines Inc.	118
Greyhound Corp.	115
Continental Group Inc.	104
Texaco Inc.	100
United Presbyterian Church	96
Delaware State	92
Florida Power & Light	88
Raytheon Co.	81
Philip Morris Inc.	80
Inland Steel	74
Sun Co.	67
Utah State Systems	59
Kansas Public Employees	50
Citibank	34
Illinois State Universities	31
North American Philips	12
New York State Common	3
TOTAL	34,427

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ment Co.; and Miller, Anderson & Sherrerd.

Bond managers: Rosenberg Capital Management; and Miller, Anderson & Sherrerd.

Real estate managers: RREEF; and TCW Realty Advisors.

The approximate asset mix was 63% stocks, 10% bonds, 17% cash equivalents, and 10% real estate equity.

State Street Bank & Trust Co. is the master trustee.

Key investment personnel are: Paul F. Hubbard, vice president and treasurer; Don McKay, assistant treasurer; and Victor Buchere, benefit plans investment manager.

Pennsylvania State Employees

($ millions)

Total assets	4,159
Pension	4,159
Profit-sharing	0
Thrift or savings	0
Employer contributions	396
Benefit payments	252

HARRISBURG, Pa. — The Pennsylvania Employees Retirement System terminated Mercantile Securities Corp., Dallas, as an equity manager, effective Nov. 30, following the departures of three key investment officers.

The state pension fund had hired Mercantile and three other equity investment managers last spring: Glickenhaus & Co., New York, Trinity Investment Management Corp., Boston, and Trustee & Investors Co., Boston.

Earlier in 1983, the employees retirement system, and its counterpart, the Pennsylvania Public School Employees Retirement System, hired First Pennsylvania Bank to serve as master custodian, the first for the funds.

Total assets of the Pennsylvania employees fund increased 38.3%, to $4.159 billion as of Sept. 30.

Equity managers: Alliance Capital; Glickenhaus & Co.; Mellon Bank; Mercantile Securities; Trinity Investment Management; Trustee & Investor; and Wells Fargo Investment Advisors.

Bond managers: Mellon Bank; Alliance Capital; and Miller Anderson & Sherrerd.

Real estate manager: Aetna Life.

Other managers: Alliance Capital; The Philadelphia Saving Fund Society; Miller, Anderson & Sherrerd; and Mellon Bank.

The state fund invested $417.5 million of its pension assets in stock index funds.

The fund will begin to use options in 1984.

The approximate asset mix as of Sept. 30 was 44.7% stocks, 26.3% bonds, 15.6% cash equivalents, 0.7% real estate equity and 12.7% mortgages.

Edwin B. Warwick is the chief investment officer and Robert I. Cusma is the secretary.

Pennsylvania School Employees Retirement System

($ millions)

Total assets	5,949
Pension	5,949
Profit-sharing	0
Thrift or savings	0
Employer contributions	541
Benefit payments	583

HARRISBURG — The Pennsylvania school employees fund selected First Pennsylvania Bank as a master custodian, its first, last spring.

Earlier, the fund was among six pension funds to finance One Oxford Centre, a 47-story Pittsburgh office building.

Equity managers: MacKay-Shields; Mellon Bank; Oppenheimer Capital Management; Provident Capital Managment; and State Street Research & Management Co.

Bond managers: Mellon Bank; Loomis, Sayles; Manufacturers Hanover Trust; and Pittsburgh National Bank.

Real estate managers: The Fidelity Bank and Jones Lang Wootton Realty.

Total assets of the school pension fund increased 40.6%, to $5.949 billion between June 30, 1982 and Sept. 30, 1983.

The approximate asset mix as of Sept. 30 was 26.3% stocks, 40.2% bonds, 15.5% cash equivalents, 0.5% real estate equity and 17.5% mortgages.

M. Andrew Sheffler is the executive director; James A. Perry is the assistant executive director; and R.J. McElroy is director, bureau of fiscal control.

The directory of Canadian investment managers will be published July 9.

Philadelphia Municipal Pension Fund

($ millions)

Total assets	774
Pension	774
Profit-sharing	0
Thrift or savings	0
Employer contributions	141 *
Benefit payments	135 *

*As of June 30, 1983

PHILADELPHIA — The Philadelphia Municipal Pension Fund saw an increase of 24% in total assets to $773.7 million Sept. 30 from $622 million the previous year.

Figures for the total employer contribution to all funds and benefits to retirees, are as of June 30, 1983, the end of the fiscal year. Those saw increases to $141 million from $136 million and to $135 million from $128 million respectively.

About 87% of total assets, or $673 million, is fixed-income managed in-house.

While equities are managed externally.

The fund holds about $70 million or 9% of total assets in pass-through securities.

Equity managers: Batterymarch; Delaware Investment Advisors; Putnam Management; and Miller, Anderson & Sherrerd.

The approximate asset mix was 13% stocks, 72% bonds, 6% cash equivalents and 9% mortgages.

Girard Bank is the master trustee. City Treasurer Gay P. Gervin oversees investment of funds.

Philip Morris Inc.

($ millions)

Total assets	839
Pension	571
Profit-sharing	268
Thrift or savings	0
Employer contributions	104
Benefit payments	28

NEW YORK — Philip Morris

Inc.'s employee benefit assets grew by 41% and the number of equity managers serving the pension fund increased by 55%.

New to the fund are Rosenberg Capital Management. GeoCapital, Hellman Jordan, Roanoke Asset Management, Siebel Capital Managment and Chemical Bank, which had been advising the firm's $27 million disability plan. Fayez Sarofim & Co. was the only manager let go.

Equity managers: State Street Research & Management; BEA Associates; Bankers Trust; Glickenhaus & Co.; State Street Bank & Trust (index fund); Rosenberg Capital Management; GeoCapital; Hell-

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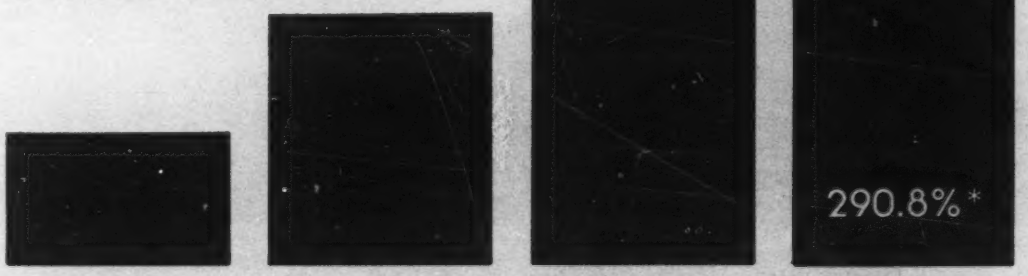

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* These figures show the total return as of 12/31/83 of investments made on 12/31/78. The figure for the CGMG represents the average of accounts managed during this period and includes reinvestment of all dividends. The figures for the S&P 500 and the Dow Jones Industrial Average — widely recognized indices of stock market performance (based on an unmanaged group of stocks) — include the reinvestment of all dividend distributions. These figures are not necessarily an indication of future results.

man Jordan; Roanoke Asset Management; Siebel Capital Managment; and Chemical Bank.

Bond managers: State Street Bank & Trust and Bankers Trust.

Real estate managers: Prudential and JMB Institutional Realty Corp.

Philip Morris has $9 million invested in foreign equity markets.

The approximate asset mix was 54% stocks, 27% bonds, 16% cash equivalents and 3% real estate equity. The firm offers a 401(k) plan, and also has $38 million in an employee stock ownership plan.

State Street Bank of Boston is the master trustee.

Key personnel are Herbert Millington, deputy treasurer; Eric Dalrymple, assistant treasurer; and Joseph Dammann, director.

Phillips Petroleum Co.

	($ millions)
Total assets	1,906
Pension	1,420
Profit sharing	0
Thrift or savings	486
Employer contributions	43
Benefit payments	na

BARTLESVILLE, Okla. — Employee benefit assets at Phillips Petroleum Co. increased 19% during the year ending Sept. 30, to $1.9 billion from $1.6 billion the previous year.

Phillips added two managers during the year: JMB Realty for real estate and Travelers for equities.

Equity managers: Barrow, Hanley, Mewhinney & Straus; Capital Guardian; Citibank; MacKay-Shields; Morgan Guaranty; Travelers; T. Rowe Price; and Wells Fargo.

Bond managers: Aetna; Equitable; MacKay-Shields; Metropolitan; and Travelers.

Real estate managers: Aetna; JMB Realty; Morgan Guaranty; and Victor Palmieri Co.

Citibank is master trustee.

The asset mix as of Sept. 30 was 68.3% stocks, 24.7% bonds, 2.1% real estate equity and 4.9% mortgages.

Key investment personnel are O.W. Armstrong, vice president-finance; R.E. Bonnell, vice president-treasury and treasurer; C.B. Friley, assistant treasurer; and G.R. Barnett, director-pension investments.

PPG Industries

	($ millions)
Total assets	1,018
Pension	707
Profit-sharing	15
Thrift or savings	296
Employer contributions	60
Benefit payments	45

PITTSBURGH — PPG Industries' total employee benefit assets increased 36% for the year ending Sept. 30, to $1.018 billion from $746 million a year earlier. The big increase occurred in the pension assets, which grew 33% from $531 million to $707 million.

The growth of pension assets paralleled the stock market rise, said Dennis Chipman, director-pension investment.

PPG's pension fund had 65% of its assets invested in stocks during that period. PPG's plan reaped handsome profits when it reduced its stock position from a high of 65% to 45% during the summer of 1983.

Equity managers: BEA Associates; Equitable Life; Lipper Analytical Services; Lowry Raclin Harrell & Howerd; Neuberger & Berman; Prudential; and Smith Barney Harris Upham.

Bond managers: The Boston Co.; Brown Brothers Harriman; Prudential; and Equitable.

PPG's fund uses no alternative or international investments.

The fund invested $248 million in dedicated bond funds.

The approximate asset mix of pension assets as of Sept. 30 was 45% stocks, 35% bonds and 20% cash equivalents.

Mellon Bank is the master trustee.

The company started offering a 401(k) plan on Jan. 1, 1984.

Key personnel are R.W. Leboeuf, treasurer; Mr. Chipman; and John R. Thomas, assistant treasurer, oversee the funds.

Procter & Gamble Co.

	($ millions)
Total assets	1,761
Pension	0
Profit-sharing	1,761
Thrift or savings	0
Employer contributions	134
Benefit payments	79

CINCINNATI — Procter & Gamble's employee benefit assets increased during 1983 to $1.761 billion, according to the 1984 Money Market Directory.

More than 75% of P&G's employee benefit assets are invested in company stock, with the remainder in insurance contracts and bonds. Most of the fund, excluding the insurance contracts, is managed in-house.

The employee benefit assets are in two major plans, the profit-sharing trust plan, which accounts for about 74% of the assets, and the profit-sharing dividend plan.

Aetna Life & Casualty handles the insurance contracts, while T. Rowe Price Associates manages cash and bonds.

About $4 million is in a separate pension plan for the Folger Coffee Co.

Key investment personnel are E.H. Eaton, treasurer; R.R. Bidwell, assistant treasurer; and J.R. Lawhead, assistant treasurer.

Prudential Insurance

	($ millions)
Total assets	2,654
Pension	2,654
Profit-sharing	0
Thrift or savings	0
Employer contributions	60
Benefit payments	100

NEWARK, N.J. — The total employee benefit assets of Prudential stood at $2.3 billion as of Dec. 31, 1982. *Pensions & Investment Age* estimates the assets had grown to $2.7 billion by Sept. 30.

All of the pension assets are managed internally.

The fund's international investments totaled $83 million, with $77 million in international equities and $6 million in fixed-income investments.

In mid-1983, Richard Klein was elected vice president-equity research in the asset management department.

The 23% weighting of bonds represents a combination of fixed-income securities and mortgages.

The approximate asset mix was 51% stocks, 23% bonds and mortgages, 11% cash equivalents and 15% real estate equity.

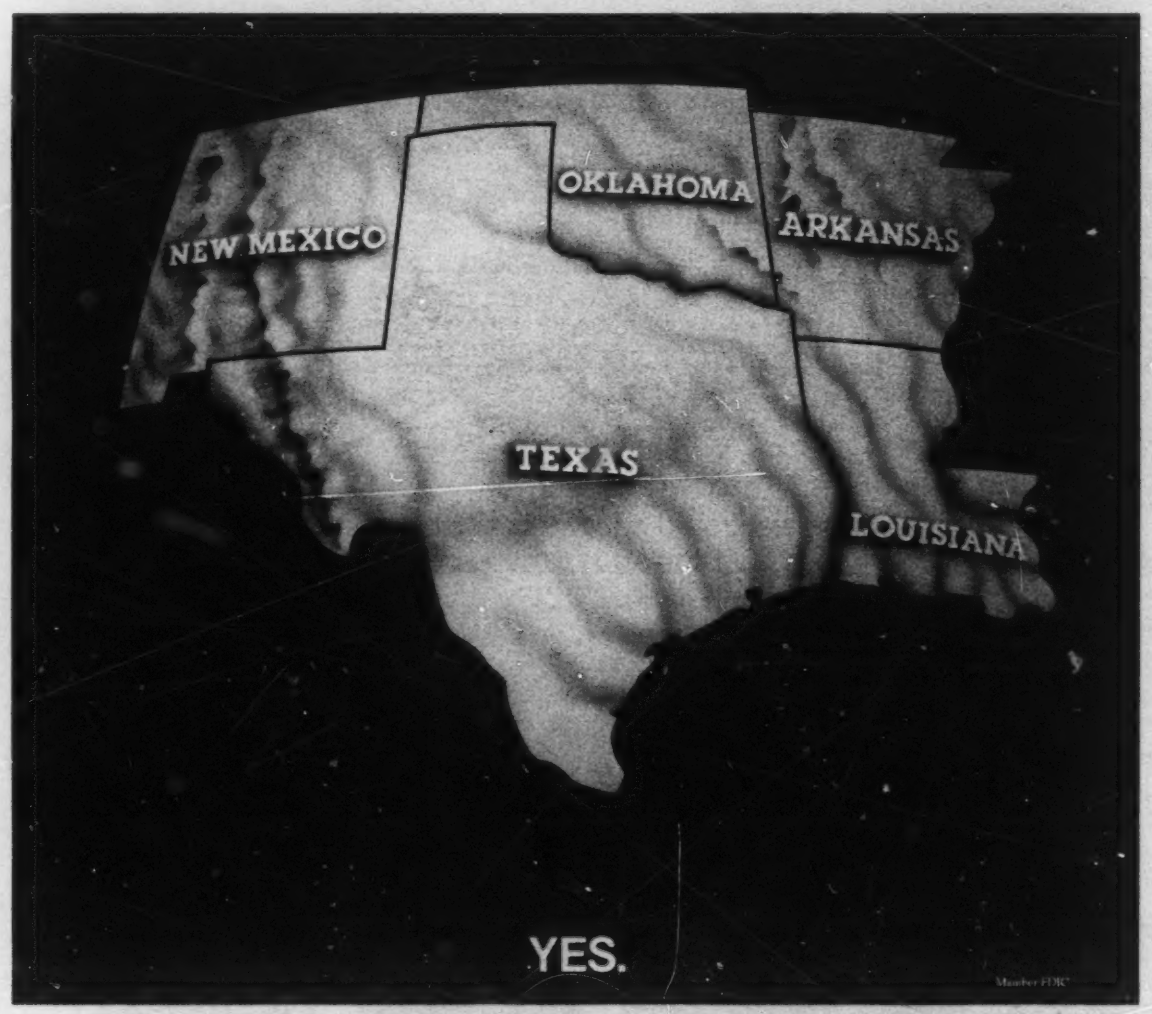
A committee of three senior officers oversees the investment of funds.

r

Raytheon Co.

	($ millions)
Total assets	1,225
Pension	1,200
Profit-sharing	15
Thrift or savings	10
Employer contributions	90
Benefit payments	25

LEXINGTON, Mass. — Raytheon Co. increased its assets to $1.23 billion as of Sept. 30, more than 63% from the 1982 total of $750 million.



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Bank of the Southwest

Of this amount, $65 million is managed internally and $4 million is invested in foreign markets.

Equity managers: Bank of Boston; State Street Research; Batterymarch; Morgan Guaranty; Provident Capital; Wall Patterson McGrew & Hamiton; Fourth National Bank of Wichita; Merchants National Bank of Cedar Rapids; and Massachusetts Mutual Life.

Bond managers: Bank of Boston and Morgan Guaranty.

Real estate managers: Bank of Boston; Morgan Guaranty; John Hancock; and Aetna.

The asset mix of the fund is 60% stocks, 30% bonds, 5% cash equivalents and 5% real estate equity.

The company has both a 401(k) program and a corporate IRA program.

Key investment personnel include Daniel L. Watters, assistant treasurer, and W. Bruce Livingston, manager-employee benefits financing.

RCA Corp.

	($ millions)
Total assets	2,300
Pension	1,900
Profit-sharing	0
Thrift or savings	400
Employer contributions	200
Benefit payments	155

NEW YORK — Pamela W. McCann, former director of pension and employee benefit investmets for NL Industries, joined RCA Corp. this year. Ms. McCann oversees the investment of RCA's $2.3 billion in employee benefit assets. She succeeds Robert D. Isinger, who retired earlier this year as staff vice president-retirement funds and insurance administration.

Total employee benefit assets increased 35% to $2.3 billion as of Sept. 30, 1983, from $1.7 billion.

Equity managers: Batterymarch Financial Management, Chase Manhattan Bank, Eberstadt Asset Management, Endowment Management & Research, Morgan Guaranty Trust Co., T. Rowe Price Associates, Fayez Sarofim & Co., and State Street Research & Management Co.

Bond managers: Scudder Stevens & Clark and State Street Research & Management Co.

Real estate managers: Citibank, Equitable Life, Morgan Guaranty Trust, John Hancock Mutual Life Insurance Co. and Prudential Insurance.

International managers: Fidelity International Investment Management, N.M. Rothschild International Asset Management in separate accounts and Morgan Guaranty.

The pension fund had $144 million in indexed funds and $325 million in GICs. The fund invested $45 million in foreign stock markets.

On Sept. 30, the approximate asset mix was 50% stocks, 30% bonds, 10% cash equivalents, 8% real estate equity and 2% international.

The company offers a 401(k) savings plan and a corporate IRA program.

The key investment officers are Pamela W. McCann, staff vice president and assistant treasurer, and W. Carl Bullock, director, benefit plan services.

Republic Steel Corp.

	($ millions)
Total assets	1,071*
Pension	949
Profit sharing	0
Thrift or savings	122
Employer contributions	26
Benefit payments	na

*Includes savings plan assets as of June 30, 1983

CLEVELAND — Republic Steel's pension fund made more than $1 million on its sale of 250,000 shares of Republic Steel cumulative convertible preferred stock that had been contributed in late January 1983.

Also, the fund set up a $100 million dedicated bond portfolio in May, to be managed by the company's investment management subsidiary, Western Reserve Capital Management.

The fund also made allocations to two venture capital funds: Warburg Pincus Capital Partners and Mohr Ventures.

Republic Steel's total employee benefit assets as of Sept. 30 increased 3% to $1.07 billion, from $1.05 billion the previous year. Of the total, $949 million is in the pension fund.

Republic Steel manages $620 million internally, with $318 million invested in equities, $212 million in fixed income and $90 million in short-term investments.

Of the pension assets, $96.8 million of its pension assets was invested in an index fund. Republic Steel had $36.2 million invested in

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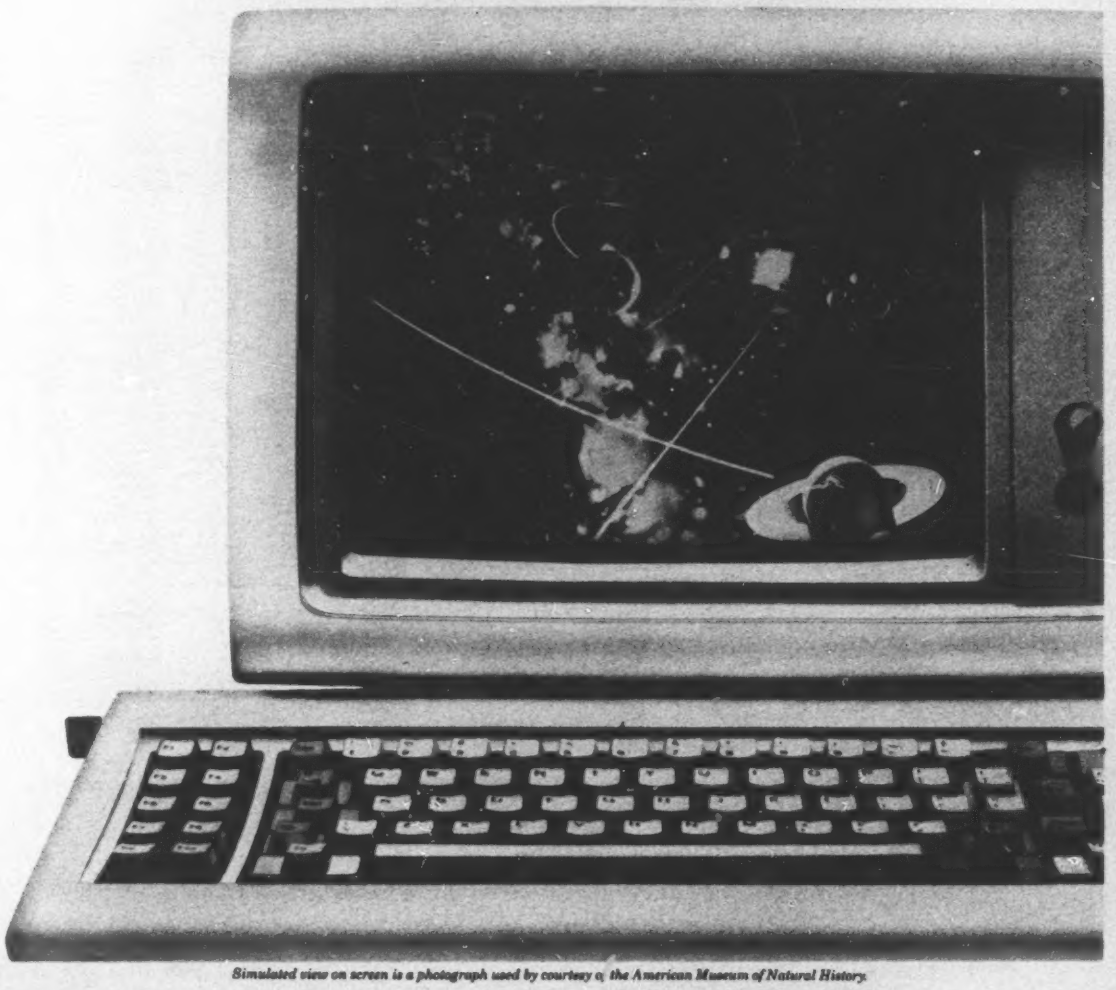

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Mellon Bank

foreign markets with $9 million in equities and $27.2 million in cash.

Equity managers: Batterymarch; Delaware Investment; Lord Abbett; and Western Reserve Capital (in-house).

Balanced manager: Scudder, Stevens & Clark.

Bond manager: Western Reserve.

Real estate managers: Coldwell Banker and Smith Barney Real Estate Corp.

International manager: Western Reserve.

Venture capital: H&Q Ventures; DSV Partners; Brentwood Associates III and IV; Advanced Technology Associates; Warburg Pincus Capital Partners; Mohr Ventures; and Western Reserve.

As of Sept. 30, the pension asset mix was 60% stocks, 25% bonds, 10% cash equivalents, 2% real estate equity and 3% venture capital.

Chase Manhattan Bank is master trustee.

Key investment personnel are John J. Loftus, vice chairman; Michael E. Shannon, executive vice president and chief financial officer; and Dennis J. Hamilton, director-investments.

R.J. Reynolds Industries

	($ millions)
Total assets	1,514
Pension	1,222
Profit-sharing	0
Thrift or savings	292
Employer contributions	95
Benefit payments	58

WINSTON-SALEM, N.C. — The employee benefits assets of R.J. Reynolds Industries increased by 53%, to $1.5 billion as of Sept. 30, from the 1982 total of $983 million. About $1.2 billion is pension plan assets and $292 million is in a thrift/savings plan.

R.J. Reynolds holds about $307 million in dedicated bond funds as a portion of its total pension funds.

The company has been using financial futures and has invested about 1% of total assets in venture capital investments.

During the past year, R.J. Reynolds added a 401(k) plan and a corporate IRA program.

In May, Michael S. Scheinblum joined the firm as director of asset and risk management in the treasury department.

Equity managers: Batterymarch Financial; Capital Guardian; Delaware Investment; MacKay-Shields; Reich & Tang; Warburg Pincus; Wilkens & Nanovic (savings plan); and Eberstadt Asset Management (savings plan).

Bond managers: Pacific Investment Management; Scudder Stevens & Clark; and Morgan Guaranty.

Real estate manager: Wachovia Bank & Trust.

The approximate asset mix was 60% stocks, 31% bonds, 2% cash equivalents, 4% real estate equity and 3% miscellaneous.

Wachovia Bank & Trust is the master trustee.

Key investment personnel are Gwain H. Gillespie, chief financial officer and senior vice president; John W. Dowdle, treasurer and vice president; and Gene H. Hoots, director-fund management.

Reynolds Metals Co.

	($ millions)
Total assets	859
Pension	787
Profit-sharing	0
Thrift or savings	72
Employer contributions	na
Benefit payments	na

RICHMOND, Va. — Reynolds Metals Co. placed a large portion of its fund in a dedicated bond portfolio with Travelers Investment Management Co.

As of Sept. 30, $355 million in assets, about 41% of the $859 million fund, was dedicated.

The entire fund's assets grew 18% from the $727 million reported in 1982.

As a result of the dedication, Reynolds Metals' stock holdings dropped to 42% from 52% at the same time in 1982. Bonds comprise 44% of the fund; cash, 9%; and real estate equity, 5%. Also, the fund's list of equity managers was narrowed:

Equity managers: Capital Guardian Trust; General American Investors Co.; Quest Advisory Corp.; and Wellington Management Co.

Bond manager: TIMCO.

Balanced managers: Chase Investors Management Corp.; Thompson, Siegel & Walmsley; and Wilmington Capital Management Inc.

Real estate managers: Equitable; Aetna Life & Casualty; and John Hancock.

Richard Turochy is manager-pension financial administration.

Rockwell International

	($ millions)
Total assets	4,282
Pension	4,282
Profit-sharing	0
Thrift or savings	0
Employer contributions	256
Benefit payments	na

PITTSBURGH — Rockwell International's domestic defined benefit pension assets totaled $4.3 billion as of Dec. 31, 1983. This is an increase of 25% from the $3.4 billion reported in the company's 1982 annual report.

The company contributed $255.5 million to the pension plan in 1983.

The defense contractor refused to provide updated information on its pension-fund investment managers. Chase Manhattan Bank continues to be the master trustee, according to sources.

Key investment personnel are E.W. Alstaetter, staff vice president-insurance and risk management, and Edwin C. McManus, staff vice president-employee benefit programs.

Rohm and Haas Co.

	($ millions)
Total assets	680
Pension	521
Profit-sharing	0
Thrift or savings	159
Employer contributions	35
Benefit payments	20

PHILADELPHIA — As of Sept. 30, employee benefit assets at Rohm and Haas totaled $680 million, a 33.8% increase from 1982's total of $508 million.

During the year, the company added equity managers IntraWest Bank of Denver and Johnson, Valliant & Broadfoot and dropped T. Rowe Price.

Equity managers: Batterymarch; Scudder, Stevens & Clark; Fiduciary Trust; IntraWest Bank of Denver; and Johnson Valliant & Broadfoot.

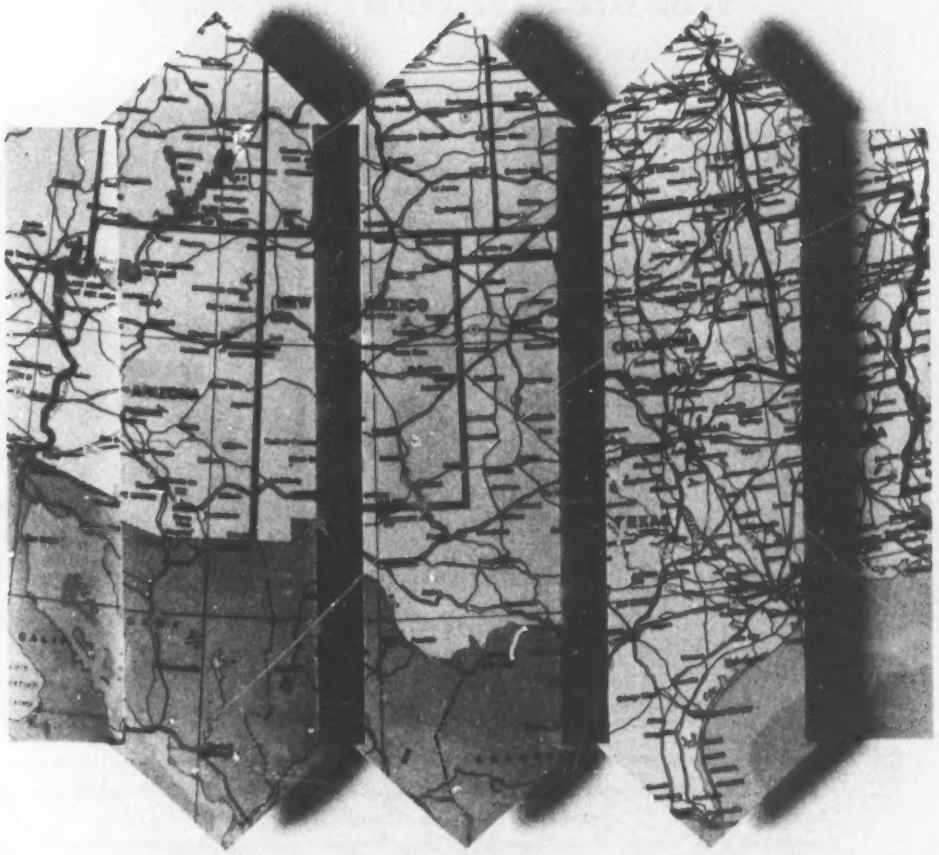
Bond managers: Jennison; Loomis Sayles; Metropolitan Life; and CNA Financial.

Real estate managers: Aetna and Travelers.

The approximate asset mix was 64% stocks, 27% bonds, 6% real estate equity and 3% GICs.

In addition to a corporate IRA program already in place, a new 401(k) plan was introduced Jan. 1, 1984. Citibank is the master trustee.

J. Lawrence Wilson, group vice president, oversees the investment management of the funds.



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Sandia National Laboratories

($ millions)

Total assets	750
Pension	750
Profit-sharing	0
Thrift or savings	0
Employer contributions	17
Benefit payments	15

ALBUQUERQUE, N.M. — Pension assets at Sandia National Laboratories totaled $750 million as of Sept. 30, an increase of 26% from 1982's figure of $594 million.

Equity managers: Delaware Investment Advisers; Eberstadt Asset Management; Poineering Management; and Putnam Advisory.

Bond manager: Putnam Advisory.

Real estate managers: Equitable Life and Prudential.

The approximate asset mix was 60% stocks, 14% bonds, 6% cash equivalents, 9% real estate equity, 6% mortgages and 5% miscellaneous.

Bradford Trust Co. is the master trustee.

The fund doesn't use hedging devices, alternative or international investments.

The firm offers a corporate IRA program.

Key investment personnel are A. Narath, executive vice president; H.G. Pierce, manager-benefits department; and C.M. Mika, supervisor-benefits planning and pension fund management.

San Francisco City & County Employees' Retirement System

($ millions)

Total assets	1,640
Pension	1,640
Profit sharing	0
Thrift or savings	0
Employer contributions	185
Benefit payments	130

SAN FRANCISCO — In June, the San Francisco City & County Employees' Retirement System approved a program to invest about $25 million in California residential loans. The loans were packaged in one or more pass-through certificates by the Mortgage Guaranty Insurance Corp. and carry an AA rating from Standard & Poor's Corp.

As of Sept. 30, total assets increased 33% to $1.6 billion from $1.2 billion the previous year.

As of the same date, more than $1 billion of the pension assets was managed in-house, with $5.7 million in equities, $942 million in fixed income and $68 million in short-term. Almost $20 million of that is for forward commitments to fixed income.

Equity managers: Crocker Investment Management Corp.; Loomis Sayles; and Eaton & Howard, Vance Sanders.

Real estate manager: Coldwell Banker Institutional Funds. Crocker National Bank is custodian.

As of Sept. 30, the pension asset mix was about 32.6% stocks, 56.2% bonds, 4.5% cash equivalents, 5.7% real estate equity and 1% mortgages.

Jack E. Stoufer, chief investment officer, oversees investments.

Sears, Roebuck & Co.

($ millions)

Total assets	5,100
Pension	1,500
Profit-sharing	3,600
Thrift or savings	0
Employer contributions	na
Benefit payments	na

CHICAGO — Sears, Roebuck & Co. had $5.1 billion in employee benefit assets as of Sept. 30.

All assets are managed internally by Sears Investment Management Co.

The asset mix in the pension fund as of Sept. 30 was 50% stocks, 35% bonds, 10% cash equivalents and 5% venture capital. The fund also does options and financial futures, and has $54 million invested internationally.

Continental Illinois National Bank is master trustee.

Key investment personnel are David V. Dootson, president; Paul A. Reese, vice president; and Michael Norton, vice president.

Shell Pension Trust & Provident Fund

($ millions)

Total assets	3,907
Pension	1,913
Profit sharing	142
Thrift or savings	1,852

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Employer contributions 170
Benefit payments 73

HOUSTON — Shell Oil Co.'s employee benefit funds hired one new investment adviser during 1983 — Criterion Investment Management (formerly Funds Advisory) — and terminated two others — Crocker Investment Management and Scudder, Stevens & Clark.

Assets increased 23%, to $3.9 billion on Sept. 30 from the $3 billion reported in 1982.

Shell increased by almost $300 million the amount managed internally, to $845 million from $550 million in 1982. The fund also increased by more than $100 million the amount it has in index funds, to $246 million from $141 million.

Equity managers: Criterion; Dodge & Cox; Equitable; Fayez Sarofim; First City National Bank of Houston; Kemper Financial; State Street Research; and Wells Fargo.

Bond manager: Texas Commerce Bank.

Real estate managers: Aetna; Equitable; John Hancock; and Prudential.

Options: Analytic Investment Management and Balch, Hardy & Scheinman.

The pension fund's asset mix as of Sept. 30 was 50% stocks, 30% bonds, 12% real estate, 5% mortgages and 3% cash equivalents.

Key investment personnel include R.S. MacIntire, administrator; J.L. Fort, secretary and manager-fixed income; K.T. Ng, manager-equities; and R.J. Stapleton, investment specialist.

Signal Companies Inc.

($ millions)

Total assets 1,516
Pension 1,016
Profit-sharing 500
Thrift or savings 0
Employer contributions ..... na
Benefit payments ..... na

LA JOLLA, Calif. — Total market value of all the Signal Cos.' employee benefit assets grew 37.8% to $1.5 billion as of Sept. 30, 1983 from August 1982.

This year, Signal put 2% of total assets into venture capital and oil and gas investments. Early in 1983, it invested in Trust Co. of the West's oil and gas program that features a commingled debt and an overriding royalty fund.

Changing its interest rate assumption to 7.5% saved Signal $6.9 million in pension expense between 1980 and 1981, and the same higher rate was used in 1982.

Balanced managers: Jennison Associates; Alliance Capital; and Trust Co. of the West.

Equity managers: Fayez Sarofim & Co.; Loomis, Sayles; First Pacific Advisors; Capital Guardian Trust; and CMB Investment Counselors.

Bond managers: Transamerica Investment Services and Fidelity Bank.

Real estate manager: Trust Co. of the West.

The approximate asset mix as of Sept. 30 was 51% stocks, 24% bonds, 22% cash equivalents, 1% real estate equity and 2% in venture capital and oil and gas.

Chase Manhattan Bank is master trustee.

Key investment personnel are Andrew Chitea, senior vice president and chairman of the investment committee, and Walter Sanborn, vice president.

South Carolina Retirement System

($ millions)

Total assets 2,652
Pension 2,652
Profit-sharing 0
Thrift or savings 0
Employer contributions 160
Benefit payments 123
*As of June 30, 1983

COLUMBIA, S.C. — Total assets for the South Carolina Retirement Systems grew 26% for the year ending June 30.

The majority of the fund is invested in bonds and mortgage-backed securities of the Government National Mortgage Association and Mortgage Guaranty Insurance Corp., a private insurer. There are no equity holdings.

The fixed-income assets are managed in-house, but Jamison, Eaton & Wood acts as adviser.

The fund received $160 million in contributions and paid out $123 million during the year.

The approximate asset mix as of Sept. 30 was 77% bonds, 6% cash equivalents, and 17% mortgage-backed securities.

The state treasurer is the master custodian.

Key personnel are Grady L. Patterson, state treasurer, and Shakun Tahiliani, director of long-term investments.

Southern Baptist Convention

($ millions)

Total assets 1,155
Pension 1,155
Profit-sharing 0
Thrift or savings 0
Employer contributions 93
Benefit payments 31

DALLAS — The Annuity Board of the Southern Baptist Convention increased its pension assets 22% for the year ending Sept. 30, to $1.155 billion from 1982's $947 million.

The fund added equity managers Alliance Capital Management and J.W. Seligman & Co., and dropped equity manager William W. Lowry.

Equity managers: Alliance Capital; Capital Guardian Trust; Morgan Guaranty; Thorndike, Doran, Paine & Lewis; and J.W. Seligman.

Bond managers: In-house and Morgan Guaranty.

Real estate manager: Gladstone Associates.

GICs: Aetna Life; Travelers; Metropolitan Life; John Hancock; Mutual Benefit Life; and Union Mutual Life.

The approximate asset mix was 25% stocks, 19.7% bonds, 1.5% cash equivalents, 10% real estate equity, 39.5% GICs and 4.4% private placements.

The fund has $456 million in GICs.

Fiduciary Trust Co. is the master trustee.

Key personnel are M.T. York Jr., senior vice president, and Dave L. Borders, vice president.

Southern California Edison Co.

($ millions)

Total assets 1,017
Pension 685
Profit-sharing 0
Thrift or savings 332
Employer contributions 62
Benefit payments 39

ROSEMEAD, Calif. — Southern California Edison invested almost $39 million in guaranteed investment contracts during the year ending Sept. 30 to meet benefit payments. The company had a total of $51 million in GICs as of that date.

The total employee benefit assets at Southern California Edison reached $1.017 billion on Sept. 30, up 31.5% from $773 million the year before. The asset mix was 71% stocks, 27% bonds, 1% cash and 1% real estate equity. The company uses financial futures.

Equity managers: Batterymarch; Denver Investment Advisors; Eagle Management & Trust; Pacific Mutual Life; Rosenberg Capital Management; Waite & Correnti; and Wentworth, Hauser & Violich.

Bond managers: Pacific Investment Management and Rosenberg.

Real estate manager: Pacific Mutual Realty.

International manager: Batterymarch.

GICs: Connecticut Mutual Life; John Hancock; Massachusetts Mutual Life; and Northwestern National Life.

Security Pacific National Bank is the master trustee.

Michael L. Noel is vice president and treasurer; Linda Faber is assistant treasurer.

The Southern Co. System

($ millions)

Total assets 1,250*
Pension 932
Profit-sharing 0
Thrift or savings 318
Employer contributions 95
Benefit payments ..... na
*As of June 30, 1983

ATLANTA — As of June 30, employee benefit assets at The Southern Co. System totaled $1.25 billion, a 50% increase from 1982's $831 million.

Equity managers: Bankers

Pension funds with dedicated assets

($ millions)

Funds	Assets
International Harvester	668
Gulf Oil Corp.	545
Firestone Tire & Rubber	520
Teamsters, Western	513
American Airlines	500
AT&T	493
Reynolds Metals Co.	355
R.J. Reynolds Industries Inc.	306
Ford Motor Co.	300
McDermott International Inc.	285
PPG Industries	248
American Can Co.	208
Honeywell Inc.	170
Hercules Inc.	159
Montgomery Ward & Co.	157
Pan Am World Airways	150
Inland Steel	139
Chrysler Corp.	135
City of Milwaukee	100
Raytheon Co.	99
Republic Steel Corp.	96
Bakery and Confectionary	85
Operating Engineers	66
Dart & Kraft Inc.	65
Boilermakers, Blacksmiths	60
Eli Lilly & Co.	50
Philip Morris Inc.	49
Teamsters, Central States	47
United Technologies	29
Eaton Corp.	20
Texas Instruments Inc.	10
TOTAL	6,628

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Trust; Citizens & Southern National Bank; First Atlanta; AmSouth Bancorporation; and Trust Co. Bank.

Bond managers: Bankers Trust Co.; Citizens & Southern National Bank; First Atlanta; AmSouth Bancorporation; and Trust Co. Bank.

Real estate managers: Citizens & Southern National Bank; First Atlanta; and Trust Co. Bank.

GICs: Aetna; Travelers; MONY; and New England Life.

The approximate asset mix was 53% stocks, 30% bonds, 10% cash equivalents, 1% real estate equity and 6% GICs.

The fund has $57 million placed in GICs and $13 million invested in international equity. It doesn't use hedging devices or alternative investments.

There is a 401(k) plan.

Key personnel are George B. Campbell, financial vice president, and Ormond W. Frazier, assistant treasurer.

Southern New England Telephone Co.

	($ millions)
Total assets	863
Pension	785
Profit-sharing	0
Thrift or savings	78
Employer contributions	55
Benefit payments	34

NEW HAVEN, Conn. — Employee benefit assets at Southern New England Telephone jumped 36% to $863 million for the year ending Sept. 30.

Early in 1983, the fund named Boston Safe Deposit and Trust Co. as its new master trustee replacing Connecticut National Bank.

The fund also restructured the assets under management by Connecticut National Bank, previously a balanced manager for the fund. In order to have greater control over asset allocation, Southern New England has partitioned the equity and bond assets managed by the bank into separate accounts.

Equity managers: Analytic Investment Management; Connecticut National Bank; Capital Guardian Trust; American National Bank of Chicago; Gardner and Preston Moss; and Wells Fargo.

Bond managers: Connecticut National Bank; CIGNA Investment Management; and Equitable Life.

Real estate manager: Prudential.

GICs: Aetna Life and Metropolitan Life.

Analytic Investment Management handles options for the fund. Wells Fargo handles equity management for the savings plan. The saving plan also has $55 million placed in GICs.

Of the pension assets, $189 million was indexed. The fund doesn't use international or alternative investments.

The approximate asset mix of the pension fund was 65% stocks, 28% bonds, 4% cash equivalents and 3% real estate equity. It also has slight investments in mortgages.

Boston Safe Deposit and Trust Co. is the master trustee for the pension assets and Bankers Trust is the master trustee for the savings plan.

Key personnel are Terry O. Oulundsen, secretary and treasurer, and Jean M. LaVecchia, assistant secretary and assistant treasurer.

Sperry Corp.

	($ millions)
Total assets	2,021
Pension	1,461
Profit-sharing	0
Thrift or savings	560
Employer contributions	150
Benefit payments	90

NEW YORK — Sperry Corp. had more than $2 billion in employee benefit assets as of Sept. 30, comprising $1.46 billion in pension assets and $560 million in thrift or savings plan assets.

Balanced managers: Thorndike, Doran, Paine & Lewis; Travelers; and Metropolitan Life.

Sperry manages $700 million in-house, with $520 million in equities, $100 million in fixed-income and $80 million in short-term.

The fund uses options and has venture capital investments.

The asset mix of the fund as of Sept. 30 was 55% stocks, 12% bonds, 16% cash equivalents and 17% in GICs.

Master trustee for the fund is Chase Manhattan Bank.

Sperry offers both a 401(k) plan and a corporate IRA program.

William Rechter is president of Sperry Capital Management Corp.

Standard Oil Co. of California

	($ millions)
Total assets	2,943
Pension	1,353
Profit-sharing	1,399
Thrift or savings	191
Employer contributions	154
Benefit payments	152

LOS ANGELES — Employee benefit assets at Standard Oil of California totaled $2.9 billion as of Sept. 30, an 11% increase from 1982's $2.6 billion.

During 1983, Crocker Investment Management, previously a balanced manager for the fund, was shifted to only equities, and Fidelity Bank was dropped as a bond manager. New managers were equity managers Sanford C. Bernstein and Provident Investment Counsel.

Balanced manager: Equitable Life.

Equity managers: Crocker Investment; Bankers Trust; Sanford C. Bernstein; Provident Investment; Rosenberg Capital Management; and Stralem & Co.

Bond managers: Harris Trust and Forstmann-Leff-Dennan.

Real estate managers: Crocker Real Estate Equity Fund; Prudential; RREEF; and Travelers.

The approximate asset mix was 63% stocks, 16% bonds, 5% cash equivalents, 13% real estate equity and 3% mortgages.

The fund does not use international investments, hedging devices or alternative investments.

Profit-sharing assets are 100% in company stock. During the year, Standard Oil of California initiated a 401(k) plan.

Bankers Trust is the master trustee.

Key investment personnel are Sellers Stough, vice president-finance; George K. Carter, comptroller; and Robert G. Williamson, assistant comptroller.

Standard Oil Co. (Ind.)

	($ millions)
Total assets	2,985
Pension	1,730
Profit-sharing	140
Thrift or savings	1,115
Employer contributions	200
Benefit payments	300

CHICAGO — Standard Oil Co. (Ind.) hired one manager in 1983, Dimensional Fund Advisors Inc., which manages small-company stocks for the $2.985 billion fund. Total assets on Sept. 30 had grown 28.6% from the $2.320 billion level a year earlier.

The fund's equity holdings were up to 75% from 60% a year earlier. In September, 10% of the fund was in bonds, 10% in cash and 5% in equity real estate.

The fund's activity in international markets grew to $76 million in 1983 from $55 million in 1982. The fund has the bulk of its international assets, $74 billion, in equities and the rest in bonds.

International managers: Fidelity International Investment Man-

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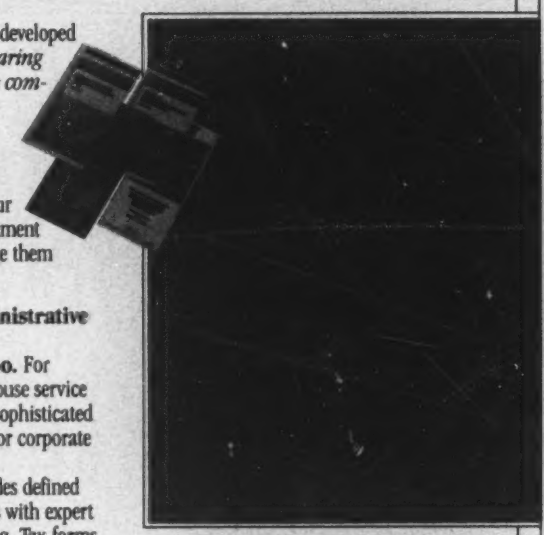

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agement Inc. and Ivory & Sime International Inc. Warburg Investment Management International Ltd. was terminated.

Equity managers: Dimensional, Chase Manhattan, CMB Investment Counselors, Forstmann-Leff Associates, Fayez Sarofim & Co., State Street Research & Management and Stein Roe & Farnham.

Bond managers: Hoisington Investment Management and Pacific Investment Management.

Real estate managers: Equitable Life Assurance.

Standard Oil's internally managed assets climbed to $360 million in 1983 from $250 million in 1982. In September, $338 million of that was in equities, $20 million in fixed-income and $2 million in short-term investments.

Chase Manhattan Bank is master trustee. The company offers a 401(k) plan.

Philipp Binzel is general manager and David Tierney is administrative manager of investments.

Standard Oil Co. (Ohio)

	($ millions)
Total assets	1,295
Pension	830
Profit sharing	15
Thrift or savings	450
Employer contributions	90
Benefit payments	60

CLEVELAND — The Standard Oil Co. (Ohio) added five managers after consolidating its pension plan with that of Kennecott Corp., which it acquired in 1981.

Fred Alger Management and United Capital Management were hired for equities; Miller, Anderson & Sherrerd was appointed for bonds; and Smith Barney Real Estate and Trust Co. of the West were appointed for real estate. Bankers Trust was named master trustee.

Chase Manhattan Bank, formerly master trustee, was terminated along with three managers: David L. Babson, Forstmann-Leff-Degnan, and Wertheim Asset Management.

As of Sept. 30, total employee benefit assets for Standard Oil (Ohio) increased 25% to almost $1.3 billion from $1 billion the previous year.

The pension fund had $30 million invested in foreign equities.

The asset mix was 65% stocks, 15% bonds, 13% cash equivalents and 7% real estate equity.

The company started a 401(k) plan in 1983.

Equity managers: Pioneer Group; Jennison; Fred Alger; Investors Research; Bernstein-Macaulay; MacKay-Shields; National City Bank Cleveland; Value Line; Templeton; and United Capital.

Bond managers: Miller, Anderson & Sherrerd; U.S. Trust Co.; Robert C. Brown; and Metropolitan Life.

Real estate managers: First National Bank of Chicago; John Hancock; Smith Barney; and TCW Realty.

Michael Williams, assistant treasurer, oversees the fund investment.

Sun Co.

	($ millions)
Total assets	1,345
Pension	1,119
Profit-sharing	0
Thrift or savings	226
Employer contributions	na
Benefit payments	na

RADNOR, Pa. — Employee benefit assets at the Sun Co. totaled $1.345 billion as of June 30, according to the 1984 Money Market Directory.

Equity managers: Miller, Anderson & Sherrerd; Morgan Guaranty; Wells Fargo; Analytic Investment Management; Bankers Trust; G.T. Capital; Jennison Associates; and MacKay-Shields.

Bond managers: Fischer, Francis, Trees & Watts; Massachusetts Financial Services; and Morgan Guaranty.

Real estate managers: Equitable; Prudential; and Travelers.

International managers: Capital Guardian; Warburg Investment Management International; and Fidelity Investment Management.

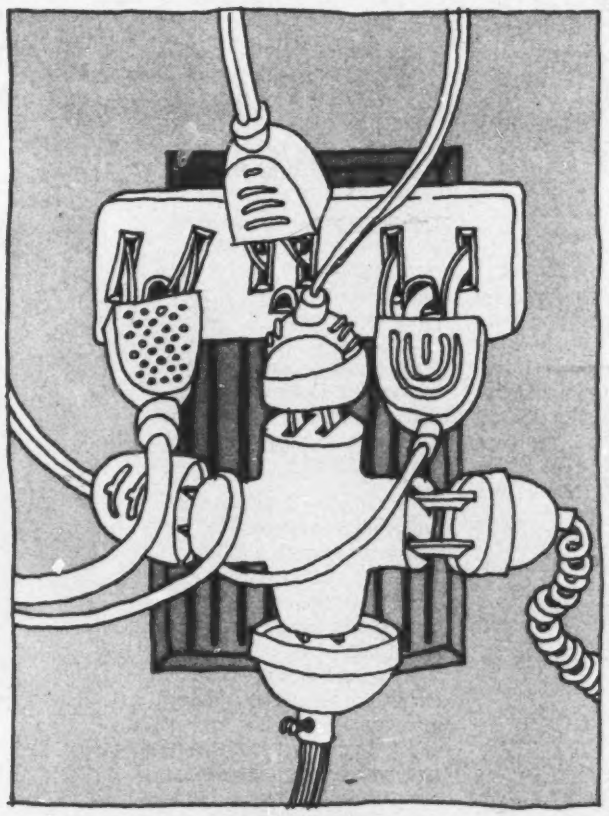
GICs: Aetna; John Hancock; Metropolitan Life; New York Life; Travelers; Frank Russell Trust; and Wilmington Trust.

The approximate asset mix, according to the Money Market Directory, was 45% stocks, 11% bonds, 10% cash equivalents, 14% real estate equity, 10% international and 10% GICs.

According to the Money Market Directory, the funds had a $67.25 million indexed and $134.5 million placed in GICs.

Bankers Trust is the master trustee.

William S. Woods Jr, vice president-investments and financing, oversees investment of the fund.



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Teamsters, Central States, Southeast and Southwest Areas Pension Fund

	($ millions)
Total assets	4,886
Pension	4,886
Profit-sharing	0
Thrift or savings	0
Employer contributions	641
Benefit payments	546

CHICAGO — Morgan Stanley Inc. replaced Equitable Life Assurance Society as named fiduciary for the $4.9 billion Teamsters, Central States, Southeast and Southwest Areas Penson Fund. The firm, which will select and oversee managers for the Teamsters fund, also will manage all or a portion of its $1.6 billion equity assets.

The fund's assets grew to $4.9 billion on Sept. 30, more than $1 billion since last year. The asset mix was 34% stocks, 50% bonds, 7% cash, 1% real estate equity and 8% mortgages. It has no alternative investments, but has $907 million in immunized bond portfolios, $47 million in dedicated bond funds and $5 million in GICs.

Equity managers: Equitable, Alliance Capital Management, BEA Associates, Century Capital Associates, Forstmann-Leff Associates, MacKay-Shields Financial, McCowan Associates Inc. and Mercantile Securities.

Bond managers: Equitable, Lincoln Capital Management, Massachusetts Financial Services Co., Mellon Bank, The Putnam Advisory Co. and State Street Bank and Trust.

Real estate managers: Equitable and Victor Palmieri & Co.

State Street Bank and Trust Co. is fund custodian.

George W. Lehr, executive director, and Robert M. Warner, finance director, are fund trustees.

Teamsters, Western Conference

	($ millions)
Total assets	4,671
Pension	4,671
Profit-sharing	0
Thrift or savings	0
Employer contributions	445
Benefit payments	357

SEATTLE — The Western Conference of Teamsters pension fund assets increased to $4.67 billion, up 22.2% over 1982's total of $3.79 billion.

Equity managers: Prudential, Equitable and Aetna.

Bond manager: Prudential.
Real estate manager: Prudential.

The approximate asset mix was 18.8% stocks, 60.4% bonds, 10% cash equivalents, and 10.8% real estate equity as of Sept. 30, 1983.

There is $513.3 million in dedicated bond funds.

There are 28 trustees. Joseph Edgar and Owen Bennet are co-chairmen of the trust.

Teledyne Inc.

	($ millions)
Total assets	742
Pension	742
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

LOS ANGELES — As of Sept. 30, *Pensions & Investment Age* estimates that employee benefit assets at Teledyne totaled $742 million.

Teledyne said it had $715.4 million in assets as of Dec. 31, 1982.

All employee benefit assets are managed in-house.

The approximate asset mix as of Sept. 30 was 37% stocks, 54% bonds, 8% cash equivalents and 1% general insurance account.

RepublicBank Dallas is the master trustee.

Key investment personnel are H.E. Singleton, chairman of the board and senior investment officer, and C.E. Rinsen, vice president, secretary and treasurer.

Tenneco Inc.

	($ millions)
Total assets	1,575
Pension	1,012
Profit-sharing	0
Thrift or savings	563
Employer contributions	132
Benefit payments	44

HOUSTON — Tenneco Inc. began actively managing its in-house assets during 1983, using its investment management subsidiary, Tenneco Asset Management Co.

In the process, three equity managers were dropped — AmeriTrust, Dreyfus and Fidelity.

Employee benefit assets climbed 31% during the past year, from $1.2 billion on Sept. 30, 1982, to $1.575 billion on Sept. 30, 1983.

Tenneco more than doubled the amount of money it manages internally, going from $156 million to $350 million.

Equity managers: Batterymarch, Criterion Investment Management, Delaware Investment Advisors, IDS Advisory Corp. and Tenneco Asset Management Co.

Bond managers: Hoisington Investment Management, RepublicBank Houston, State Street Research, TCW Asset Management, U.S. Trust, Tenneco Asset Management Co.

RepublicBank Dallas is master trustee.

The asset mix as of Sept. 30 was 32% stocks, 45% bonds and 23% cash.

Key investment personnel in the investment management arm are Dan E. Watson, president; Edward L. Jaroski, senior vice president; and Alan M. Stewart, vice president.

Tennessee Consolidated Retirement System

	($ millions)
Total assets	2,967
Pension	2,967
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

NASHVILLE — The Tennessee Consolidated Retirement System had almost $3 billion in employee benefit assets Sept. 30 compared with almost $2.3 billion last year.

All of the fund's assets are managed internally. On Sept. 30, the fund had an asset mix of 30% stocks, 62% bonds, 7% cash equivalents and 1% mortgages. The fund uses options.

The firm offers its employees a corporate IRA program.

Dewey Collins Jr. is chief investment officer of the fund.

Tennessee Valley Authority

	($ millions)
Total assets	1,266
Pension	1,224
Profit-sharing	0
Thrift or savings	42
Employer contributions	69
Benefit payments	54

KNOXVILLE, Tenn. — Total

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employee benefit assets of the Tennessee Valley Authority increased 24.1% to $1.266 billion as of Sept. 30, 1983.

The authority contributed $69 million to all funds in 1983. It paid out $54 million in benefits to retirees.

The authority had $183 million invested in indexed funds and $101 million in GICs.

The approximate asset mix as of the same date was 27% stocks, 52% bonds, 11% cash equivalents, 2% real estate equity and 8% GICs.

Equity managers: Citibank and American National Bank of Chicago.

Bond managers: American National Bank of Chicago, Bank of New York, Citibank, Commerce Union Bank, Park National Bank of Knoxville and Third National Bank.

Real estate managers: Citibank and U.S. Trust.

Eugene Stephens, executive secretary, oversees investments.

Texaco Inc.

	($ millions)
Total assets	1,792
Pension	1,322
Profit-sharing	0
Thrift or savings	470
Employer contributions	123
Benefit payments	200

WHITE PLAINS, N.Y. — Texaco's employee benefit funds totalled $1.717 billion as of Sept. 30, 1982. *Pensions & Investment Age* estimates total assets had grown to $1.792 billion by Sept. 30, 1983. This amounts to a 4.4% increase from the total reported by the company last year. The total comprises approximately $1.322 billion pension assets and approximately $470.3 million thrift or savings plan assets. This indicates pension assets increased 9.9% from the $1.203 billion reported for Dec. 31, 1982.

The company contributed $123 million to the funds in 1983, slightly more than the $115 million it contributed in 1982. It paid out $200 million in benefits to retirees in 1983, four times the $50 million it paid to retirees in 1982.

Texaco uses external investment managers following a specialty/core investment approach implemented November of 1982.

Equity managers: American National Bank & Trust, Equitable Life, Trinity Investment Management, McCowan Associates, Alliance Capital Management, INVESCO Capital Management, MacKay-Shields Financial Management, Gregg McKay, Knight & McKay, Harris Associates, Manufacturers Hanover Trust Co.

Bond manager: Manufacturers Hanover Trust

Real estate managers: Equitable, Travelers, Prudential, Aetna, John Hancock Mutual Life Insurance Co.

Texaco reports that $100 million of its pension assets was in indexed assets. It had $50 million invested in GICs.

The pension fund uses no alternative investments and holds no international securities.

The approximate asset mix as of Sept. 30, 1982, was 22% stocks, 17% bonds, 7% cash equivalents, 4% real estate equity, 46% in Immediate Participation Guarantee contracts and 4% in GICs.

Chase Manhattan Bank is the master trustee.

The company offers a 401(k) savings plan.

J.D. Keough, senior assistant treasurer, and G.L. Mills, manager-benefit plans finance, oversee investments.

Texas Employees Retirement System

	($ millions)
Total assets	2,351
Pension	2,351
Profit sharing	0
Thrift or savings	0
Employer contributions	146
Benefit payments	92

*As of Nov. 30, 1983

AUSTIN, Texas — Assets of the Texas Employees Retirement System were $2.351 billion as of Nov. 30, 1983.

Funds investing in oil and gas

Allied Corp.
AT&T
Atlantic Richfield Co.
Caterpillar Tractor Co.
Celanese Corp.
CIGNA Corp.
Commonwealth Edison Co.
Consolidated Edison
Eastern Air Lines
Episcopal Ministers
Exxon Corp.
Ford Motor Co.
General Electric Co.
General Motors Corp.
GTE Service Corp.
John Hancock Mutual Life
Honeywell Inc.
Hughes Aircraft Co.
International Business Machines
ITT
Manville Corp.
Merck & Co.
Minnesota SBI
Owens-Illinois Inc.
Signal Cos. Inc.
Textron Inc.
United Technologies
Westinghouse Electric
Xerox Corp.

All of the money is invested internally, with the assistance of INVESCO Capital Management and Duff & Phelps.

The asset mix as of Nov. 30 was 19% stocks, 80% bonds and 1% cash.

Clayton Garrison is executive director.

Texas Instruments Inc.

	($ millions)
Total assets	850
Pension	500
Profit-sharing	350
Thrift or savings	0
Employer contributions	40
Benefit payments	10

DALLAS — In late 1983, Texas Instruments Inc. invested in venture capital with Bigler Investment Management Inc. and with Forstmann-Little, which manages leveraged buy-outs.

TI has $850 million in pension fund assets divided among stocks (60%), bonds (15%), cash (20%) and real estate equity (5%).

Dedicated bond funds constitute $10 million of the fund.

Equity managers: Miller, Anderson & Sherrerd; Forstmann-Leff Associates; Herbert R. Smith Inc.; Lieber & Co.; McKenzie Walker; Rogers, Casey, Barksdale Inc. and RepublicBank Dallas.

Bond managers: Citibank and Hoisington Investment Management Co.

Real estate manager: RepublicBank Dallas.

RepublicBank Dallas is master trustee.

The firm offers a 401(k) plan for employees.

William Green is senior investment analyst.

Teacher Retirement System of Texas

	($ millions)
Total assets	8,612
Pension	8,612
Profit sharing	0
Thrift or savings	0
Employer contributions	493
Benefit payments	545

AUSTIN, Texas — Assets of the Teacher Retirement System of Texas increased by more than 17% between 1982 and 1983, to more than $8.6 billion as of Sept. 30, 1983.

The pension fund, the largest public fund in the state, entered the participating mortgage investment arena, hiring six advisers to help the in-house staff make its investment decisions.

The asset mix as of Sept. 30 was 31% stocks, 61% bonds, 4% cash equivalents and 4% mortgages.

Bruce Hineman is executive secretary of the fund; Clark Manning is investment officer.

Textron Inc.

	($ millions)
Total assets	1,113
Pension	803
Profit-sharing	52
Thrift or savings	258
Employer contributions	68
Benefit payments	54

PROVIDENCE, R.I. — Textron Inc.'s employee benefit assets increased to $1.1 billion as of Sept. 30, 1983. Of the total, $803 million was pension assets, $52 million was profit-sharing assets and $258 million was thrift or savings plan assets.

The company contributed an estimated $68 million to all funds in 1983. It paid out an estimated $54 million to retirees during the year.

Textron manages $543 million of its pension assets in-house, with $109 in equities, $353 million in fixed-income and $81 million in short-term. The balance is managed by several banks.

Balanced managers: Chemical Bank, Continental Illinois, First National Bank of Boston, First National Bank of Chicago, Harris Trust and Savings, Hospital Trust Investors, Old Stone Bank, and Royal Trust of Toronto.

The pension fund has 5% of its assets invested in oil and gas.

The pension asset mix as of the same date was 18% stocks, 40% bonds, 15% cash equivalents, 1% real estate equity, 10% mortgages, and 16% private placements.

Textron offers a 401(k) savings plan and a corporate IRA program.

Richard A. Watson, vice president-investment, oversees management of the funds.

Trans World Airlines

	($ millions)
Total assets	1,819
Pension	1,800
Profit-sharing	0
Thrift or savings	19
Employer contributions	68
Benefit payments	50

NEW YORK — Total pension fund assets at Trans World Airlines grew 27% over the year from $1.4 billion listed last year.

According to sources, the company's pension contribution for 1982, not listed in its 1983 profile, was $107 million. This year it was substantially lower, $68 million.

The trustees appointed two new managers for small balanced accounts last summer. They were Estabrook Asset Management and Phelan Capital Management.

Equity managers: American National Bank, Endowment Management & Research, Dreyfus Fund, Equitable Life, Fayez Sarofim, Morgan Guaranty Bank, Putnam Advisory, T. Rowe Price, Scudder, Stevens & Clark, State Street Research, Torray Clark and Vaughan Nelson.

Bond manager: United Missouri Bank.

Balanced managers: Estabrook Asset Management, Fort Hill Investors, McGlinn Investment Services and Phelan Capital Mgt.

Real estate managers: Citibank, Aetna Life Insurance and Coldwell Banker.

GICs: Aetna Life, Equitable Life and New England Life.

International managers: Putnam Advisory and Morgan Guaranty.

The approximate asset mix was 52% stocks, 41% bonds, 6% cash equivalents, and 1% real estate equity as of Sept. 30.

Boston Safe Deposit & Trust Co. is the master trustee.

Key investment personnel are R.A. Peiser, vice president and treasurer; and S.J. Schenck, manager-pension investments.

Travelers Corp.

	($ millions)
Total assets	993
Pension	769
Profit sharing	0
Thrift or savings	224
Employer contributions	65
Benefit payments	28

HARTFORD, Conn. — Employee benefit assets of The Travelers Corp. increased 23% between Sept. 30, 1982 and Sept. 30, 1983, rising to to $993 million from $810 million.

All of the money is managed internally.

The asset mix as of Sept. 30 was 27% stocks, 51% bonds, 15% cash, 5% real estate equity and 2% mortgages.

Key investment personnel include C. Roderick O'Neill, chairman of the finance committee; Kevin J. Bradley, chairman of Travelers Insurance Management Co.; and David M. Dunford, senior vice president of TIMCO.

TRW Inc.

	($ millions)
Total assets	1,239
Pension	1,239
Profit-sharing	0
Thrift or savings	0
Employer contributions	84
Benefit payments	80

CLEVELAND — TRW's employee benefit assets increased almost 41% between Sept. 30, 1982 and Sept. 30, 1983. During the period, assets under in-house management increased 46%, to $223.5 million from $153 million.

On Sept. 30, 1983, TRW also held $343.4 million in an employee stock savings plan, which increased 19.53% over the previous year's total.

During the year, the fund added MacKay-Shields as bond manager and dropped SeaFirst National Bank.

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Equity managers: Alliance Capital, L.F. Rothschild, Endowment Management, Campbell Advisory, Fred Alger and TRW Investment Management (in-house assets).

Bond managers: Pacific Management, MacKay-Shields and Hoisington Investment.

International managers: Ivory & Sime International and Baring International.

The approximate asset mix was 70.1% stocks, 19.6% bonds and 10.3% cash equivalents.

Boston Safe Deposit & Trust Co. is the master trustee.

Edward N. Button, president, TRW Investment Management, a TRW subsidiary, oversees investment management of the fund.

u

Union Carbide Corp.

	($ millions)
Total assets	2,400
Pension	2,400
Profit-sharing	0
Thrift or savings	0
Employer contributions	162
Benefit payments	135

DANBURY, Conn. — Union Carbide's pension assets increased to $2.4 billion as of Sept 30, 1983.

The assets are managed internally with $1.3 billion in equities, $1 billion in fixed-income and $100 millon in short-term.

The asset mix of the fund is 49% stocks, 43% bonds, 5% cash equivalents and 3% real estate equity.

Key investment personnel include James A. O'Connell, assistant treasurer and director pension fund investment services.

Union Oil Co. of California

	($ millions)
Total assets	1,083
Pension	785
Profit-sharing	298
Thrift or savings	0
Employer contributions	75
Benefit payments	47

LOS ANGELES — Union Oil Co. of California's assets grew 19% to $1.1 billion, as of Sept. 30, 1983, from $911 million in 1982. Its asset mix was 46% stocks, 5% bonds, 12% cash, 5% real estate equity, 27% insurance company general accounts and 5% other investments. Also, the company owes the fund 5% of the $1.1 billion which cannot be invested.

The fund invests in oil and gas and overseas equities, but would not disclose the amount.

Equity managers: Delaware Investment Advisers, Dreyfus Management, Lincoln Capital Managemet, Stralem & Co., IDS Advisory; Hellman Jordan Management Inc. and Siebel Capital.

Bond managers: Hoisington Investment Management Co. and Fidelity Bank.

Real estate managers: Aetna Life Insurance, The First National Bank of Chicago, Equitable Life Assurance Society and Prudential Insurance Co.

International manager: Kleinwort Benson International.

George Hanks, assistant comptroller, oversees investments.

United Air Lines Inc.

	($ millions)
Total assets	3,170
Pension	3,134
Profit-sharing	0
Thrift or savings	36
Employer contributions	243
Benefit payments	150

CHICAGO — United Air Lines Inc. more than doubled its overseas equity holdings to $255.5 million as of Sept. 30, 1983, from $110 million reported in 1982. Between those months, the firm hired two Japanese-equity managers: Nikko International Capital Management and Yamaichi Asset Management. After Sept. 30, it added Baring International to its group of overseas managers, which also includes Lombard Odier and Morgan Grenfell Investment Services. There also were several domestic manager changes.

The fund's assets grew 26% to aoout $3.2 billion on Sept. 30, 1983, from $2.5 billion a year earlier. The asset mix is now 66% stocks, 22% bonds, 8% cash, and 4% real estate equity.

United manages $381.2 million in-house, with $247.8 in fixed-income and $133.4 in short-term investments. In passive investments, $118.7 million is indexed and $470.2 million is in GICs with John Hancock and CIGNA Corp.

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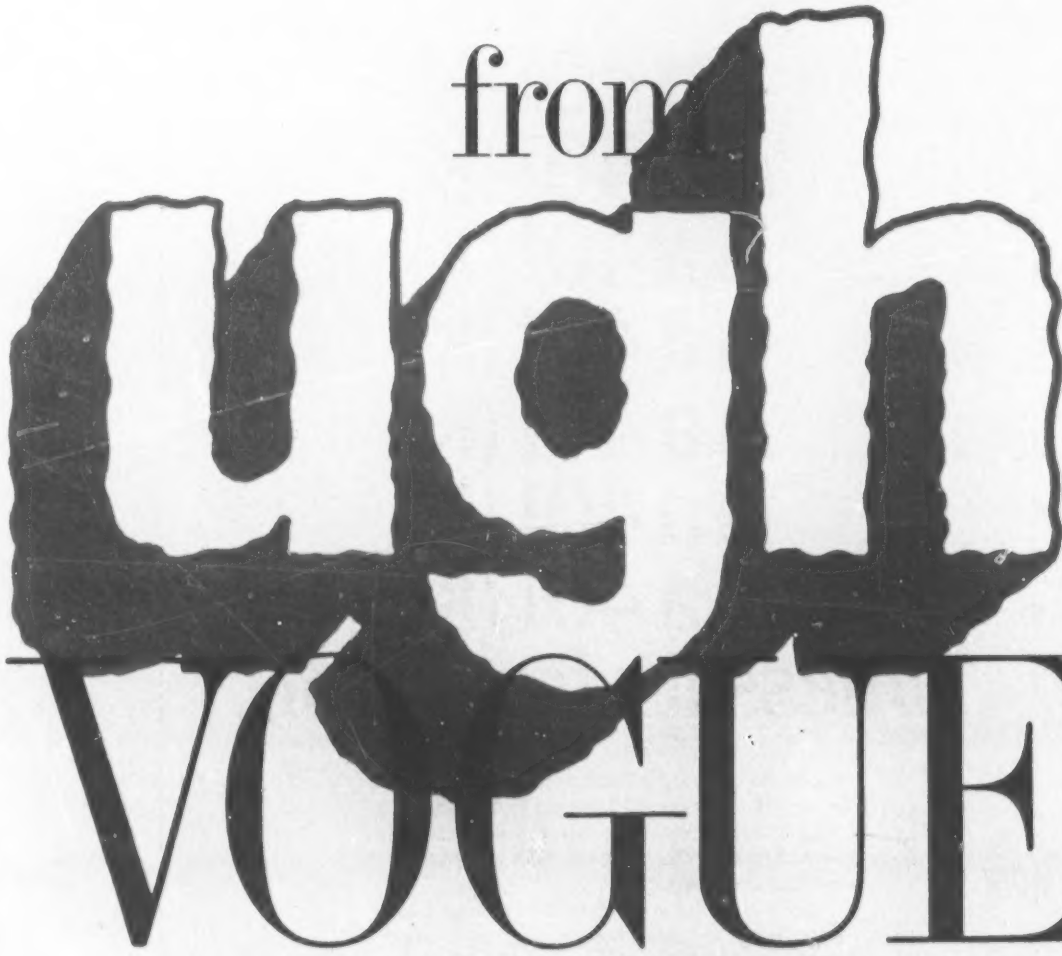
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Equity managers: Sit Investment Associates; Capital Guardian; G.T. Capital Management; Batterymarch; CIGNA; Fayez Sarofim; Jennison Associates; Lincoln Capital Management; Pioneering Management; Stralem & Co.; TCW ; Thorndike, Doran, Paine & Lewis; Trinity Investment Management; and Wells Fargo Investment Advisors.

MacKay-Shields Financial Corp., Oppenheimer Capital, Starwood, and Wertheim were terminated by the fund.

Bond managers: Discount Corp. of New York Advisors and Harris Trust and Savings Bank.

Master trustee: Harris Trust and Savings Bank.

The airline has a 401(k) plan for employees.

Nancy A. Covington directly oversees the plan as pension assets administrator, and John L. Cowan is senior vice president-finance and John M. Batten is vice president and treasurer.

United Methodist Pension Fund

($ millions)	
Total assets	1,467
Pension	1,467
Profit-sharing	0
Thrift or savings	0
Employer contributions	176
Benefit payments	110

EVANSTON, Ill.— The United Methodist Church's pension fund increased 36% to about $1.5 billion from the $1.1 billion reported in 1982.

There were a number of investment management changes during the year. For equity, the fund added Cole, Yeager & Wood, Century Capital and INVESCO Capital Management. It dropped equity adviser Stein Roe & Farnham but retained it as a bond manager. North Carolina National Bank was dropped as a bond manager, while, CIGNA, in addition to its role as

bond manager, was added for real estate.

Equity managers: American National Bank of Chicago; Capital Guardian; Century Capital; Chase Investment Counsel; Cole, Yeager & Wood; Delaware Investment Advisors; Frontier Capital Management; David J. Greene; INVESCO Capital Management; M.D. Sass; Mercantile Securities; and Putnam Advisory.

Bond managers: CIGNA Investment Management; Stein, Roe & Farnham; and American National Bank.

Real estate: JMB Institutional Realty and CIGNA Capital Advisers.

The approximate asset mix was 62.5% stocks, 23.1% bonds, 13.7% cash equivalents, and 0.7% real estate equity.

Key personnel are Gerald K. Hornung, general secretary; James F. Parker, treasurer; and Gayle Whitson-Schmidt, assistant general secretary.

United Mine Workers of America

($ millions)	
Total assets	2,523
Pension	2,523
Profit-sharing	0
Thrift or savings	0
Employer contributions	535
Benefit payments	400

WASHINGTON — The United Mine Workers Health and Retirement Funds increased by 31% to $2,523 million for the year ending Sept. 30, 1983, from $1,912 million in 1982.

In September, Herbert Dyer replaced the retiring Robert Boylan as executive director.

About $200 million in short-term cash equivalents was managed in-house as of Sept. 30, 1983.

The UMW 1974 Pension Trust added three new equity managers in 1983: Lehman Brothers; The Vanguard Group's Windsor Fund; and Bankers Trust Co. The fund also added three new real estate equity managers: Trust Co. of the West; State Street Research; and Goldman, Sachs & Co. The latter commitment, made in mid-1983, is less than $7 million investment in Goldman, Sachs' open-ended, commingled real estate trust fund.

Equity managers: Argus Investors' Counsel; Batterymarch Financial Management; Warburg, Pincus Counsellors; Pioneering Management; Torray Clark & Co.; Lehman Brothers; The Vanguard Group; Bankers Trust Co.; and Forstmann-Leff.

Bond managers: Fidelity Bank; Forstmann-Leff; Manufacturers' Hanover; Argus Fixed Income Advisory; Hoisington Investment Management; and Lehman Management Co.

Real estate managers: Equitable Life; John Hancock; Prudential; Metropolitan Life; Trust Co. of the West; State Street Research; Goldman, Sachs & Co.; Denver Investment Advisors; and Thompson, Siegel & Walmsley.

The approximate asset mix was 37% stocks, 36% bonds, 23% cash equivalents and 4% real estate equity.

Boston Safe Deposit & Trust is the custodian bank.

Herbert Dyer, executive director and Linda Taylor, chief investment officer are key investment personnel.

United Nations Joint Staff Pension Fund

($ millions)	
Total assets	3,394
Pension	3,394
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

NEW YORK — The United Nations Joint Staff Pension Fund increased 30% to about $3.4 billion, as of Sept. 30, 1983, from $2.6 billion in 1982.

All of the fund's assets are managed internally, with advice provided by Fiduciary Trust Co. of New York and Citicorp. About $1,316 million was in international investments, with $749 million in foreign equities, $529 million in fixed income, and the remainder in undisclosed investments.

Early in 1983, the fund placed an emphasis on U.S. investments by weighting U.S. stocks at 62% or $1.8 billion, and U.S. related bonds including U.S. dollar bonds, Treasuries, agencies and World Bank issues at 57% or $1.2 billion. As of Sept. 30, 1983, the fund held a 59% weighting or $1.2 billion in U.S. stocks, and a 56% weighting or roughly $675 million in U.S.-related bonds.

The fund holds 7% of total assets or $238 million, in 11 commingled, pooled real estate funds in the U.S., Europe, and Australia.

The approximate asset mix was 55% stocks, 35% bonds, 3% cash equivalents and 7% real estate equity.

The Fiduciary Trust Co. of New York is the master trustee.

Key investment personnel are: Timothy P. Prince, chief of investment management; E. Charles Stockmar, senior investment officer; and Henry Ouma, investment officer.

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United Presbyterian Church Pension Board

($ millions)	
Total assets	892
Pension	892
Profit-sharing	0
Thrift or savings	0
Employer contributions	42
Benefit payments	38

PHILADELPHIA — The Board of Pensions of The Presbyterian Church (U.S.A.) ended 1983 by committing $25 million to a new real estate fund being formed by CIGNA Corp.

The pension fund will begin funding the investment this month out of an internally managed short-term account. The new closed-end fund is geared to non-profit, non-ERISA institutions, said William Irwin Arbuckle II, vice president and treasurer of the church fund. This marks the church's entry into equity real estate.

Earlier in 1983, the pension board hired two new bond managers: Robert C. Brown & Co. and CM&M Asset Management.

At the end of June, the church fund closed out a $67 million fixed-income account with the Fidelity Bank after its chief economist, Lacy Hunt, left and established CM&M.

Total pension assets increased 31.5%, to $892 million, for the year ending Sept. 30.

Equity managers: Fred Alger; Froley, Revy Investment; Morgan Guaranty Trust; Value Line Asset Management; and Wells Fargo Investment Advisors.

Bond managers: Robert C. Brown; CM&M Asset Management; and Morgan Guaranty Trust.

International manager: Templeton World Fund.

The church fund manages $18 million internally as part of its strategic allocation to fixed-income investments. The amount was entirely invested in short-term instruments maturing in one year or less.

The fund invests $95 million in two stock index funds and in the Templeton World Fund. It owns oil and gas leases.

As of Sept. 30, the approximate asset mix was 58.2% stocks, 16.1% bonds, 2% cash equivalents, 14.2% mortgages, and 9.5% GICs.

Chase Manhattan Bank serves as master custodian.

The church board has a 401(k) plan.

Mr. Arbuckle oversees investment of the fund.

United Technologies

($ millions)	
Total assets	4,200
Pension	3,570
Profit-sharing	0
Thrift or savings	630
Employer contributions	300
Benefit payments	na

HARTFORD, Conn. — United Technologies joined about seven other corporations in Trust Co. of the West's oil and gas commingled debt and overriding royalty fund in 1983.

In February, United Technologies hired seven additional money managers to handle a portion of employee benefit assets. They were BEA, Forstmann-Leff, and Lehman Management for equities; Narragansett First Fund for leveraged buy-outs; Morgan, Holland Fund and Charles River Partners for venture capital and Bridge Capital Advisors for participating debt partnerships.

United Technologies' employee benefit assets grew 27% to $4.2 billion as of Sept. 30, 1983, from $3.3 billion in 1982.

Roughly 85%, or $3.6 billion of the total was pension assets, and about 15% or $630 million was in a thrift/savings plan.

About $1.5 billion of the pension fund is in GICs and another $29 million is in dedicated bond funds.

The fund had $200 million invested in international equities as of Sept. 30, 1983.

International managers: Morgan Guaranty, Batterymarch Financial, Daiwa International, ABD International, Nomura Capital, and Capital Guardian.

Equity managers: NSR Asset Management, Jennison Associates, BEA Associates, Citibank, Connecticut Bank & Trust, CIGNA, Wertheim Asset Management, Capital Guardian Trust, Batterymarch Financial, Delaware Investment Advisors, Forstmann-Leff Associates, Lehman Management, Trust Co. of the West, Sanford C. Bernstein.

Bond managers: Brown Brothers, Harriman and Scudder Stevens & Clark.

Real estate managers: Citibank, Equitable Life, Prudential Insurance, Aetna Life & Casualty,

and CIGNA.

The approximate asset mix was 36% stocks, 4% bonds, 6% cash equivalents, 5% real estate equity, and 49% other investments.

Citibank is the master trustee.

The personnel overseeing investment of the funds are Joseph A. Biernat, vice president and treasurer, and Raymond L. Willis, assistant treasurer.

Utah State Retirement Systems

($ millions)	
Total assets	1,665
Pension	1,665
Profit-sharing	0
Thrift or savings	0
Employer contributions	190
Benefit payments	45

SALT LAKE CITY — The Utah State Retirement Systems has increased assets by 21% in the past year to $1.7 billion from $1.4 billion.

Its asset mix is 31% stocks, 50% bonds, 12% cash equivalents, 6% real estate equity and 1% mortgages. The fund also uses options.

Equity managers: Smoot Knoche, Atalanta/Sosnoff, Value Line, Capital Consultants and Wasatch Advisors.

Real estate manager: F.I.A. Associates.

The fund also manages $1.2 billion internally.

Key investment personnel for the fund include W. Dan Smith, investment officer, and Richard L. Cherry, assistant investment officer.

U.S. Steel and Carnegie Pension Fund

($ millions)	
Total assets	7,310
Pension	7,310
Profit-sharing	0
Thrift or savings	0
Employer contributions	295
Benefit payments	700

NEW YORK — In 1983, the U.S. Steel & Carnegie Pension fund sold at a "substantial profit" the $335 million in U.S. Steel convertibles that was contributed to it in 1982.

However, the company gave $250 million of its $295 million 1983 contribution in a new series of convertible preferreds.

All of the fund's assets are managed internally, and while it uses international investments, real estate, venture capital and options, the amounts in each of these vehicles was not revealed. The fund has reportedly been weeding out lower

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quality buildings from its real estate equity portfolio.

The only asset mix figure revealed was 73% in common stocks.

During the year ended Sept. 30, the assets of the fund grew by 35%.

Graham O. Harrison, president, and John Van Deusen, vice president, oversee the fund.

V

Virginia Supplemental Retirement System

	($ millions)
Total assets	3,275
Pension	3,275
Profit-sharing	0
Thrift or savings	0
Employer contributions	340
Benefit payments	200

CHARLOTTESVILLE, Va. — The Virginia Supplemental Retirement System placed $300 million in an index fund managed by Wells Fargo Investment Advisors.

It also hired two new equity managers: IDS Advisory Group to run $150 million and MPT Associates to manage $100 million. In October, it committed $19 million to a real estate fund managed by LaSalle Advisors Inc. Bank of New York was dropped as an equity manager in June.

Other managers follow.

Equity managers: Batterymarch Financial Management, Delaware Investment Advisers, Lincoln Capital Management, MacKay-Shields Financial Management and Putnam Advisory.

Bond manager: Massachusetts Financial Services.

Real estate managers: Prudential, Equitable, RREEF.

As of Sept. 30, Virginia had 58% of its assets in equities, 30.5% in stocks, 3.4% in cash equivalents, 5.0% in real estate equity and 3.1% in mortgages.

Jonathan P. White is the chief investment officer.

W

Warner-Lambert Co.

	($ millions)
Total assets	710
Pension	608
Profit-sharing	0
Thrift or savings	102
Employer contributions	na
Benefit payments	na

MORRIS PLAINS, N.J. — Employee benefit assets at Warner-Lambert jumped to $710 million, a 41% increase from 1982's $502 million.

During the year, the funds began in-house equity management.

Equity managers: Fred Alger; Alliance Capital; Campbell Advisors; Chemical; Delaware Investment Advisers; Rowe Price-Fleming; Kemper Financial Services; Redwood Capital; L.F. Rothschild Asset Management; and in-house.

Bond managers: T. Rowe Price and Forstmann-Leff Associates.

Real estate manager: Irving Trust.

The approximate asset mix was 70% stocks, 14% bonds, 9% cash equivalents, 2% real estate equity and 5% GICs.

There is $30 million invested internationally in equity and the fund also uses venture capital.

Irving Trust is the master trustee for the pension plan; Fidelity Union Bank is the master trustee for the thrift or savings plan.

Key personnel are George Hromadko, vice chairman and chief financial officer; Fred G. Weiss, vice president-planning, development and investments; and Joseph K. Joshi, director-pension investments.

Washington State Investment Board

	($ millions)
Total assets	5,000
Pension	5,000
Profit-sharing	0
Thrift or savings	0
Employer contributions	400
Benefit payments	200

OLYMPIA, Wash. — The Washington State Investment Board's employee pension assets jumped to $5 billion as of Sept. 30, a 40% increase from 1982's $3.5 billion.

Equity managers United Capital and Schafer Capital were added at the beginning of 1983, while Loomis, Sayles & Co. was dropped.

During the year, the fund committed $60 million to three real estate equity pools. Each of the pools, which are run by Smith Barney, RREEF and Pacific Mutual, received $20 million.

Equity managers: Torray, Clark; Batterymarch; United Capital; Schafer Capital; Columbia Management; and Wells Fargo.

Bond manager: In-house.

Real estate managers: Smith, Barney; Prudential; Equitable; RREEF; and Pacific Mutual Realty.

The approximate asset mix was 45% stocks, 20% bonds, 10% cash equivalents, 1.5% real estate equity, 20% mortgages and 3.5% leveraged buy-out and venture capital.

A little more than $1 billion of the pension assets was indexed. The fund also uses venture capital.

Half of the $5 billion in pension assets, or $2.6 billion, is managed internally. Of that, equity accounted for $570 million, fixed income for $1.6 billion and short-term investments, $500 million.

Key personnel are John Hitchman, executive director, and Dave Lodefink, deputy executive director.

Westinghouse Electric

	($ millions)
Total assets	3,500
Pension	3,040
Profit-sharing	0
Thrift or savings	460
Employer contributions	156.5
Benefit payments	220

PITTSBURGH — Westinghouse Electric Corp.'s pension fund had $3.5 billion in assets as of Sept. 30. Those assets included $3.04 billion in pension assets and $460 million in thrift or savings plans assets.

Westinghouse manages $1.9 billion of these assets internally: $563 million in equity and $1.337 billion in fixed-income assets.

The asset mix of the pension assets was 37% stocks, 46% bonds, 3% cash equivalents, 12% real estate equity and 2% mortgages.

Equity managers: Citibank; Manufacturers Hanover; Futnam; Provident Capital Management; Stralem & Co.; Pittsburgh National; and Westinghouse Pension Investments Corp.

Bond managers: Westinghouse Pension Investments and Equitable Life.

Real estate managers: Equitable; Citibank; and First National Bank of Chicago.

The asset mix for the fund is 37% stocks, 46% bonds, 3% cash equivalents, 12% real estate equity and 2% mortgages.

Master trustee for the fund is Mellon Bank.

Key investment personnel include Thomas A. Gudiness, director-pension funds; Harry R. Murray, vice president-pension investment and investor relations; and Burt N. Dorsett, president-Westinghouse Pension Investment Corp.

Wisconsin Investment Board

	($ millions)
Total assets	7,900
Pension	7,900
Profit-sharing	0
Thrift or savings	0
Employer contributions	440
Benefit payments	200

MADISON, Wis. — The Wisconsin Investment Board increased its assets by almost 28% in the year ending Sept. 30, 1983, from $6.2 billion.

All of the assets are managed in-house, with $3.5 billion in equities, $3.6 billion in fixed-income and $700 million in short-term investments.

On Sept. 30, the fund had an asset mix of 45% stocks, 43% bonds, 9% cash equivalents and 3% mortgages.

Master trustee for the fund is Morgan Guaranty.

Kenneth E. Codlin is executive director of the fund.

World Bank Staff Retirement Plan

	($ millions)
Total assets	1,046
Pension	1,046
Profit-sharing	0
Thrift or savings	0
Employer contributions	95
Benefit payments	18

WASHINGTON — The World Bank invested $10 million in State Street Bank & Trust Co.'s SPIFF.

It also invested $5 million with Adler & Shaykin, a manager specializing in leveraged buy-outs.

The bank dropped Equitable Life Assurance as a real estate manager in late November.

During the year ending Sept. 30, it dropped Hoisington, a fixed-income manager, and Robeco, an international manager.

Equity managers: Gregg, McKay, Knight & McKay; Meridian Management; Quest Advisory; Wells Fargo Investment Advisors; Grantham, Mayo, Van Otterloo; Torray Clark.

Bond managers: AIM Capital; First Investors Asset Management; Fischer, Francis, Trees & Watts; Robert C. Brown; and MacKay-Shields Financial.

Real estate manager: Prudential.

International managers: Morgan Guaranty and State Street Bank & Trust.

Some of the managers listed were supplied by the Money Market Directory.

The more than $1 billion fund shot up roughly 49%, from the $700 million reported Sept. 30, 1982.

The fund has $300 million in index funds run by Wells Fargo and $245 million in an international fund run by State Street Bank.

The World Bank fund uses financial futures and has venture capital investments.

As of Sept. 30, its asset allocation was 76.1% stocks, 16.8% bonds, 1% cash equivalents, 4.7% real estate equities and 1.4% venture capital.

The master trustee is State Street Bank & Trust Co.

Overseeing the fund are Hilda Ochoa, chief-pension investment division; and Dennis Stattman and Farida Khambata, pension investment officers.

X

Xerox Corp.

	($ millions)
Total assets	1,650
Pension	230
Profit-sharing	1,420
Thrift or savings	0
Employer contributions	88
Benefit payments	148

STAMFORD, Conn. — Xerox Corp.'s total employee benefit assets increased by about 37% as of the year ending Sept. 30, to $1.6 billion from 1982's $1.2 billion.

About $230 million of the total is in the pension fund, and $1.4 billion in a profit-sharing plan.

In February 1983, Xerox was one of 10 corporate pension funds to invest in Trust Co. of the West's $10 million commingled oil and gas debt and overriding royalty fund.

Assets committed to international investment increased during the year, to $103 million from the $73 million reported in 1982. About 94% of that is in equities and 6% is in fixed income.

About $225 million is invested in GICs.

During the year, Xerox hired several managers: TCW Realty, for equity real estate; Brokaw Capital, First Pacific Investment Management and Hellman Jordan for equities; and Eberstadt and Salomon Asset Management for bonds.

Equity managers: Siebel Capital Management; Investors Research Corp.; Citibank; Batterymarch Financial; Rosenberg Capital Management; Trust Co. of the West; Schafer Capital; Management Asset Corp.; Brokaw Capital; First Pacific Investment; and Hellman Jordan.

Bond managers: Eberstadt Asset Management; Salomon Asset Management; Rosenberg Capital; and Trust Co. of the West.

International managers: Capital Guardian; Fidelity International; G.T. Capital Management; and Ivory & Sime.

Real estate managers: RREEF; TCW; and JMB Institutional Realty Corp.

During 1983, Xerox added a 401(k) plan to its roster of employee benefits.

The approximate asset mix as of Sept. 30 was 70% stocks, 10% bonds, 9% cash equivalents, 11% real estate equity.

State Street Bank is the master trustee.

Key investment personnel are Robert Evans, manager-employee benefits, and Myra Drucker, manager-trust investments.

A microcomputer guide for investment managers will be published in the Oct. 1 issue.

GINNIE MAE

GNMA is a government corporation chartered by Congress in 1938

ANNOUNCES ITS FEBRUARY 8, 1984
FHA-INSURED PROJECT
MORTGAGE AUCTION

To be auctioned: 230 mortgages, total par value $706 million.
The mortgages secure FHA-insured multifamily notes with unpaid principal balances ranging from
$40,304 to $58,334,700 and carry interest rates ranging from 3.00% to 11.18%.

The mortgages that pay FHA-insurance benefits in cash are eligible for the GNMA mortgage-backed securities program.

This announcement does not constitute an offer to sell. The invitation to bid is contained in the project mortgage auction announcement available from GNMA.

For additional information, contact:
Robert P. Kalish, Government National Mortgage Association
451 7th Street, S.W., Washington, D.C. 20410 202/755-5593.

U.S. Department of Housing and Urban Development
Government National Mortgage Association, Robert W. Karpe, President

2/1/84
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Pensions & Investment Age

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Fund sells contribution

By Kimberly Blanton

CHICAGO — Martin Marietta Corp.'s pension fund has sold profitably the 500,000 shares of preferred stock it accepted as a company contribution more than a year ago.

Martin Marietta received $60.63 for each of the shares of convertible exchangeable preferred stock the company issued to the fund at $50 a share in December 1982.

On Jan. 11, Goldman Sachs & Co., the underwriter, offered the shares in a secondary public offering for $62.50 each.

Martin Marietta is the latest fund to sell employer's securities put there as a contribution. The cash-saving technique became widespread in 1983, but initially prompted much debate.

Some critics argued that in putting stock in the fund, a company often was making an investment decision usually reserved for the investment staff. The fear was that the fund sponsor's stock was not necessarily a good investment.

During the past year, the funds had mixed success reselling those securities.

Republic Steel Corp., American Motors Corp. and American Airlines Inc. report profitable sales of their employers' securities during 1983. Other companies, such as Armco Inc. and United States Steel Corp., still are holding some of their stock, waiting for an opportunity to sell.

Continued on page 53

Late news

White quits Virginia

RICHMOND, Va. — Jonathan P. White, chief investment officer for the $3.4 billion Virginia Supplemental Retirement System, has resigned.

Speaking from his home, Mr. White characterized his resignation after 2½ years as "unexpected," but would not comment further.

Charles Walker, chairman of the retirement system board, couldn't be reached for comment.

Robert Daniels, who has replaced Mr. White at the fund, also could not be reached.

One source said Mr. White and Mr. Walker had some differences of opinion.

That could not be confirmed as a reason for Mr. White's decision to resign.

Continued on page 2

Leland O'Brien and Harris, Bretall

First Interstate buys two firms

By Steve Hemmerick

LOS ANGELES — First Interstate Investment Services is buying majority interests in Leland O'Brien Rubinstein Associates, a Los Angeles specialty money manager, and Harris, Bretall, McEldowney & Sullivan, a San Francisco-based equity manager.

If the multimillion-dollar deal receives regulatory approval, Western Asset Management, a subsidiary of First Interstate, will get out of the equity management business.

First Interstate intends to make Western Asset a bond manager; it now is a balanced manager. First Interstate also will spin off Western Asset's trust services department into a special group.

Jim Fox, First Interstate president who already has put together a string of investment subsidiaries, said he is giving the client sponsors what they want: investment firms that pay key personnel more than banks do, and that specialize in one area of investment.

No figures were given on the costs to First Interstate of the two new additions, but they were described as "substantial."

Leland O'Brien is considered a leader in its field, and it hedges or "insures" assets of $600 million.

If the deal is approved, Western Asset Management will get out of the equity management business.

Harris Bretall has between $350 million and $400 million in tax-exempt assets, Mr. Fox said. Jack Sullivan, one of the partners, formerly was director of portfolio management for Western Asset.

Harris Bretall's equity assets under management are substantially smaller than the $700 million in equity assets held by Western Asset. But Western Asset executives note that Harris Bretall has superior equity performance.

Western Asset's equity performance has been middling in more recent years, while its fixed-income performance has been superior. On fixed income, Western Asset reports investment returns of 11.2% for the five years ended 1983, and 9.1% for 10 years.

This year, Western Asset will launch a fixed-income marketing drive; it is a finalist for a $300 million account with the Los Angeles County Employees Retirement Association.

An earlier equity marketing drive began when the company's performance in that area was high; the performance lessened during the drive itself. Its fixed-income performance also has been superior through consistency, rather than through market timing.

Western Asset now is talking to its clients about the prospect of integrating equity management with Harris Bretall. Some balanced accounts include Alameda County Employees' Retirement Association, Clorox Co. and Northern California Food Clerks.

Even before talking to clients, Western Asset dismissed seven members of its 14-member equity research staff, including its director of equity strategy, David Graham. Mr. Graham had been with Western Asset for 12 years.

A First Interstate executive said those dismissed "knew it was coming." He said much of the research the staff provided can be purchased.

Even though First Interstate

Continued on page 54

GE finances N.Y. realty deal

Pension fund lays groundwork for First Winthrop's $400 million purchase

By Mark Westerbeck

and Kimberly Blanton

NEW YORK — In a transaction mostly financed by the General Electric Co. pension fund, First Winthrop Corp. purchased about $400 million in mostly prime New York real estate from the MacArthur Foundation.

The deal, involving the sixth largest pension fund and what could turn out to be the second largest foundation, is a massive transfer of property by any standard.

The $12 billion General Electric fund provided a $330 million mortgage to First Winthrop to finance its purchase of real estate from the John D. and Catherine T. MacArthur Foundation.

In addition to handing $330 million cash to the Chicago foundation, First Winthrop also assumed $63 million in existing mortgages.

MacArthur reportedly will sell 15 buildings and the land under four others, about 4.5 million square feet of property. In sheer size, only the transactions involving the General Motors and Pan Am buildings in New York equal or exceed the cost of the MacArthur package.

Some of the office properties are among Manhattan's finest, including the Gulf & Western building on Columbus Circle and the Harcourt Brace Jovanovich Inc. building on Third Avenue. The HBJ building, in particular, could be profitable as new leases are negotiated when the publishing firm relocates to Florida.

Mary Lentz, spokeswoman for First Winthrop, said the deal is the Boston syndicator's largest one-time purchase of real estate.

First Winthrop deals primarily in private placements with individual investors and some small pension funds. It seeks debt financing from large institutional investors, in addition to putting up its own capital on behalf of clients.

The MacArthur Foundation is selling the properties to comply with a 1969 federal law that restricts philanthropies from owning more than 20% of one company's stock. The properties are owned by Bankers Life & Casualty Co., which is the foundation's sole asset. Some of its 50 subsidiaries hold real estate in California, Colorado and southern Florida as well as in New York.

In past interviews, David Murdoch, vice president-finance of the foundation, has said investment managers will be hired to invest the assets of the liquidated insurance company (*Pensions & Investment Age*, Sept. 14, 1981). Mr. Murdoch could not be reached, but Norton Kay, a spokesman, said no managers have been chosen yet.

The foundation "is in the process of divesting and there are going to be additional sales. I can't tell you how long that will take," Mr. Kay said. He declined to specify how much of the assets have been sold, but said it is not "the bulk."

Mr. Kay did admit that realizing the market value of the properties in the latest sale "substantially increases our asset value." Some of the real estate property was acquired as early as the 1930s, but has been revalued since then.

When the MacArthur Foundation sells all insurance company and real estate assets, some have predicted it will become the second largest foundation, behind the $3.5 billion Ford Foundation.

Continued on page 54

Boeing in futures holding pattern

By Steve Hemmerick

SEATTLE — Boeing Co. is preparing to use financial futures to hedge the fixed-income portion of its $5.5 billion in employee benefits, said Gary Bland, manager of trust investments for Boeing.

But Mr. Bland said in an interview that problems have held up the use of futures to hedge fixed assets, which make up about 30% of Boeing's employee benefits.

Mr. Bland said he "takes offense" that brokers hold the maintenance margin requirements demanded by futures exchanges. Futures exchanges require a margin as collat-

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SEC okays new funds

WESTPORT, Conn. — Evaluation Associates has received Securities and Exchange Commission approval of its Management of Managers funds that put it into the investment management business.

The new funds, to be managed by firms selected by Evaluation Associates, will be offered to bank trust departments, endowments, foundations, 501(c)(9) plans and profit-sharing plans in competition with the Frank Russell Trust Co. funds.

Evaluation Associates will offer eight funds: four equity funds, including a special equity fund, an income equity fund and an international equity fund; four fixed-income funds; and a money market fund.

The common equity fund will be managed by BEA Associates; Beutel, Goodman Capital Management; Cole, Yeager & Wood; Dillon Read Capital; Lynch & Mayer; and Rollert & Sullivan.

The special equity fund managers are Cambridge Capital Corp.; Gregg, McKay, Knight & McKay; GeoCapital Investment Management; Massachusetts Financial Services Co.; and Provident Investment Counsel.

The international equity fund will be managed by IDS Advisory-Gartmore International Inc. and Putnam International Advisors. The income equity fund will be managed by Delaware Investment Advisers and Hotchkis & Wiley.

The common fixed-income fund will be managed by Loomis, Sayles & Co.; Morgan Stanley Asset Management; and Robert C. Brown & Co. The intermediate fixed-income fund will be managed by Leavy Investment Management, Massachusetts Financial Services and T. Rowe Price Associates.

Other funds are a municipal bond fund and a short-term municipal bond fund.

Steve Gross, president of Evaluation Associates Investment Management Co., said one difference between the Management of Managers funds and those offered by the Russell Co. is that they would be available to taxable clients of bank trust departments as well as tax-exempt investors. However, the funds will be managed without regard to tax consequences.

Studying advisers helps university

By Steve Hemmerick

LOS ANGELES — The University of Southern California treasurer's staff hit the streets of New York, Chicago, Boston and other cities a short time ago, searching for aggressive equity managers.

Lyn Hutton, treasurer of the university, said she and two others interviewed 60 managers, not the usual 12 or fewer that many sponsors actually sit down and talk to after a consultant does much of the screening.

"I sat in most of the interviews myself," said Ms. Hutton, who oversees the college's $150 million endowment. After the selection, during which five managers were picked, she said she didn't think she could look at another investment manager for a while.

Although the search process was different from, and more grueling than, that of most sponsors, so were USC's objectives and needs.

USC has almost 30,000 students, and although Harvard University has many fewer students, the equity portion of its endowment is more than 10 times as large as USC's entire endowment. Even USC's neighbor, California Institute of Technology, with only about 2,000 students, has an endowment about $50 million larger.

USC alumni are "generous," Ms. Hutton said, but so far the school hasn't had the one or two gifts that make a big difference.

To endow professorships, buy books and provide research and scholarship funds, USC has a spending rule, which means spending 6½% of the endowment pool's market value size averaged over three years.

Just to keep even, minus new contributions, the university must get the 6½% on top of inflation — on a consistent basis.

In January, Harvard Management, which handles investments for that university's endowment, announced it had placed more than half of its $1.6 billion equity portfolio in three versions of an index fund based on the Standard & Poor's 500 index. Walter Cabot, president of Harvard Management, described the S&P 500 index as a "competitive bogey."

But because of USC's investment return needs, and because it is a much smaller endowment that can move more quickly, USC ruled out investment in an index fund.

Fayez Sarofim & Co., known for its expertise in oil stocks, had been USC's sole equity manager. But Ms. Hutton believed the university was running a big risk with a single manager, much like, she said, "owning one stock."

Ms. Hutton and her staff scanned data on 300 equity investment managers.

Most of the data was provided by Cambridge Associates, a consulting firm, and some data came from Merrill Lynch. But other than that, and asking for help from friendly sponsors nearby, the USC treasurer's staff did the work.

She said she and her staff did the work because they knew exactly what kind of manager they wanted, and they knew they would have to live with the results. Unlike a consultant, they couldn't walk away.

Also, Ms. Hutton said, she has built her own giant performance data base, classified for her uses,

Continued on page 53

Adviser questionnaires mailed

NEW YORK — The questionnaires for *Pensions & Investment Age's* annual Investment Adviser Directory, to be published April 30, have been mailed to more than 850 investment management organizations.

The deadline for return of the questionnaires, which will be used to prepare profiles of the nation's leading investment management organizations that manage assets for pension funds, endowments and foundations, is Feb. 20.

The issue serves as a starting point for many pension executives when they begin a search for new money managers. It also is a source for statistical data on the nation's leading money management organizations.

Money management firms that have not received a questionnaire by Feb. 10 should contact Eddy Christman at (212) 210-0117.

Late news

Continued from page 1

MILRITE picks CIGNA

HARRISBURG, Pa. — The Pennsylvania MILRITE Council has selected CIGNA, Hartford, Conn., to manage its private placement separate account, according to Gregg E. Robertson, the council's executive director.

MILRITE hopes to raise $100 million in pension assets to provide long-term loans to medium-sized state businesses.

So far, the Pennsylvania State Employees' Retirement System has conditionally committed up to $25 million or 25% to the fund, Mr. Robertson said.

Loomis, Sayles added

MEMPHIS, Tenn. — The City of Memphis Retirement Fund has started up a third options program with Loomis, Sayles & Co., Memphis, confirmed Jenny Graham, manager of debt and cash management with the system.

Loomis, Sayles will run an options overwriting program on $10 million invested in 10-year Treasury notes and 30-year Treasury bonds. Ms. Graham said Loomis is guaranteeing a minimum return of 200 basis points.

Loomis, Sayles also runs a buy-write program on equities and an overwrite equity program for the system.

Firm moves to bonds

BOSTON — Batterymarch Financial Management, which manages more than $10 billion in equities, is going into fixed-income management. It will apply its contrarian equity perspective to bond investments, according to Evan Schulman, senior vice president.

By the end of February, the firm hopes to have from $50 million to $70 million in new commitments.

"We are trying to capture information that is already here for equities," Mr. Schulman said. "If one can find abnormal stock returns, then the equity cushion underneath (that company's) bonds will be fatter."

Chemical spinoff

NEW YORK — Chemical Bank's trust and investment division has spun off The Portfolio Group Inc., an independent investment advisory firm.

The firm, with $1 billion under management as of Feb. 1, handles investments for individuals with portfolios of $300,000 or more and moderate-sized employee benefit accounts, according to Kenneth S. Rolland, its chief investment officer.

The spinoff marks the formation of the sixth independent money management subsidiary of Chemical New York Corp.

Wilshire forms sub

SANTA MONICA, Calif. — Wilshire Associates, the Los Angeles-based consulting firm, has formed Wilshire Asset Management to handle investment management activities, said Wayne Wagner, chief investment officer.

He said the new division was formed to avoid conflicts of interest with the consulting activities.

Wilshire Asset Management basically will offer indexed asset management using the Wilshire 5,000.

According to Mr. Wagner, the decision to enter investment management was made when the State of Minnesota hired Wilshire to set up an index fund last November and gave the firm $1.3 billion to manage.

Wilshire Asset Management will be marketed to pension funds and to banks by David Williams, vice president, who joined Wilshire from Bankers Trust. Mr. Wagner said Wilshire's index funds will use as many of the stocks in the Wilshire 5,000 as it can buy positions in.

3 hired for trust funds

HONOLULU — American Trust Co. has hired Kingsley, Jennison, McNulty & Morse Inc., San Francisco, and Denney & Denney Inc. and Cadinha & Co. Inc., both of Honolulu, to separately manage three common trust funds it will offer March 1.

The funds, one equity and two balanced funds targeted to pension plans of less than $1 million, will have different risk and investment characteristics.

D.C. bill crucial to S. Africa proposals

By Joel Chernoff

WASHINGTON — Congress' review of a bill requiring the District of Columbia Retirement Board to divest itself of securities issued by firms that do business in South Africa is seen as crucial to similar proposals pending in 26 states.

The House District of Columbia Committee will review the bill, possibly at its Feb. 7 meeting. A subcommittee has voted to send two motions of disapproval to the committee.

The subcommittee recommended that the committee reject the motions, sponsored by Rep. Philip M. Crane, R-Ill., and allow the bill to become law.

The bill is effective the end of the month unless Congress vetoes it by approving a motion of disapproval.

The bill, passed by the D.C. City Council in October, would force the $450 million retirement fund for police officers, firefighters, teachers and judges to divest itself of $141 million in stocks and bonds, or 32% of its total portfolio, according to latest estimates provided by Meidinger Asset Planning Services Inc., consultant to the fund.

That percentage is based on the fund's holdings as of Dec. 31, 1983, and is double the 16.2% estimate, or $75 million, that Meidinger had made for 12 months earlier.

The measure would bar the fund from investing in about half of the Standard & Poor's 500 stock index, Meidinger said. It also would affect all other city assets.

Congressional action on the D.C. bill is seen as crucial by opponents of divestiture of South Africa-related issues. They say that how Congress acts will be a sign for state and local legislative actions affecting public pension funds across the country. There are South Africa-related measures pending in 26 states.

So far, Massachusetts and some cities have passed bills requiring divestiture of state funds. Michigan has passed a bill affecting state university endowments and is considering a broader bill.

Connecticut has enacted a law allowing the state fund to invest in firms doing business in South

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Corporate Finance

At the top in almost every category

Salomon Bros. lead underwriter in 1983

By Pavan Sahgal

NEW YORK — Salomon Brothers emerged as an all-around leader in total debt and equity underwritings in 1983, elbowing Merrill Lynch Capital Markets and Morgan Stanley & Co. from their 1982 positions.

Salomon also was a leading player in the initial public offering market, and the leading manager of shelf registered financings.

A Wall Street source said Salomon's underwriting of debt collateralized by mortgage obligations might have helped the investment bank hit the top of the underwriting charts.

Its participation in the conversion of savings and loan associations from mutual ownership to stock ownership structures also put it in the forefront of the initial public offering market, ahead of L.F. Rothschild, the source suggested.

In all, Salomon raised $31.5 billion in 298 financings when full credit was given to each manager and co-manager, according to Securities Data Co. Inc., a statistical research firm.

Salomon also led with $15.8 billion raised through 176 issues when full credit was given only to the lead manager.

The rankings were based on underwriting information registered with the Securities and Exchange Commission. Best efforts and debt-for-equity swap transactions were omitted.

Salomon outdistanced Merrill Lynch and Morgan Stanley, the respective leaders of the two categories in 1982.

Morgan, traditionally the leading book-running manager, fell to fifth place, raising $8.42 billion in 101 issues.

In another surprise, Drexel Burnham Lambert placed sixth with $7.35 billion raised in 125 issues — $1 billion short of Morgan's total. Drexel ranked eighth among lead managers in 1982, and was not among the top 10 in 1981.

U.S. corporations raised a record $97.3 billion through 2,197 securities underwritings in 1983, compared with $63 billion raised in 1,141 issues in 1982 and $56.24 billion raised through 1,266 financings in 1981.

In 1983, corporations raised $52.27 billion in bond offerings, $36.76 billion in common stock issues and $8.26 billion through preferred stock.

Total underwritten corporate securities volume
January - December 1983
($ millions)

	1981	1982	1983
Bonds	40,575	44,058	52,276
Common	14,030	14,004	36,767
Preferred	1,643	4,931	8,259
Total	**56,247**	**62,992**	**97,302**
No./issues	(1,266)	(1,141)	(2,197)

Source: Securities Data Company, Inc.

"The record year in corporate financing was led by common stock financing, which increased 163% from 1982," said Michael Danziger, senior vice president at Securities Data. "The number of all financings done during the year increased

Continued on page 14

Merger activity nudges '74 level

CHICAGO — Stronger cash flows and lower inflation boosted corporate mergers and acquisitions activity in 1983.

There were 2,533 merger and acquisition transactions last year, the highest number since 1974. That year, there were 2,861 deals, according to statistics compiled by W.T. Grimm & Co., merger consultants.

The largest number of transactions — 1,100 — were in manufacturing industries, followed by 461 deals in the financial services sector and 429 deals in other service industries.

The bull market in equities also fueled the increase, with sellers commanding higher prices and buyers using stock as a convenient form of payment.

For the first time in 10 years, stock superseded cash and became the dominant form of payment. Combination payments also outnumbered cash, forming a large proportion of transactions on record.

According to Grimm & Co., the total dollar value of all merger and acquisition transactions was $73.1 billion in 1983 vs. $53.8 billion in 1982. But the 1983 total fell $9.5 billion short of the record $82.6 billion in 1981.

"Flushed with cash, companies are raising dividends, repaying debt, increasing capital spending and activating strategic acquisition and divestiture programs," said Willard T. Grimm, chairman.

In 1983, 137 deals had price tags of $100 million or more, compared with 116 such deals in 1982.

Sellers benefited from the strong stock market, receiving attractive offers from buyers whose cash flows were boosted by the economic recovery, efficient cost controls, lower inflation and lower taxes.

The average price-earnings ratio paid for acquisitions increased to 16.7 in 1983 from 13.9 in 1982.

On the other hand, the strong stock market reduced the premium paid over market to 37.7% in 1983 from 47.4% in 1982.

There was a surge in total dollars paid in leveraged buy-outs where publicly traded companies were acquired by private investment groups or individuals.

According to Tomislava Simic, director of research at Grimm, the total dollar value paid for going-private deals leaped 154% to $7.1 billion in 1983 from $2.8 billion in 1982.

The number of transactions where companies were taken private also increased, to 36 in 1983 from 31 in 1982. In 1979, there were only 16 such deals, totaling $636 million.

A variety of forces are propelling leveraged buy-outs, Ms. Simic noted.

Among them is the willingness of banks to provide financing for these deals because traditional corporate credit demands have been restrained.

The three largest going-private transactions announced in 1983 were Metromedia Inc., the largest going-private deal in history, valued at $1.5 billion and taken over by its top executives; Wometco Enterprises Inc., valued at $810 million; and MGM/UA Entertainment Co., valued at $620.7 million.

Tender offers for publicly traded companies dropped 46%, to 37 deals in 1983; only 11 hostile deals were recorded. In 1982, there were 29 hostile takeovers out of the 68 offers recorded.

The drop in hostile takeovers suggested a scarcity of undervalued targets and the unwillingness of suitors to incur the expenses tied to takeover battles, Ms. Simic said.

A number of companies divested businesses acquired only a few years ago, in a bid to emphasize leaner operations and stronger balance sheets. The total dollar value paid for dives-

Continued on page 17

DLJ starts capital markets group

NEW YORK — Donaldson, Lufkin & Jenrette Inc. has realigned senior management and set up a new DLJ Capital Markets Group to capitalize on the firm's growth in serving corporate clients.

The new group will be headed by John S. Chalsty, chairman. Mr. Chalsty now is managing director of the banking division.

The change is expected to improve coordination among various DLJ divisions and support its growth in investment banking and institutional trading.

DLJ, a publicly owned investment banking and brokerage firm, has capital funds in excess of $300 million.

In a parallel move, it also set up a new DLJ Financial Services Group to generate increased activity with high-net-worth individual investors. The group will be headed by Carl B. Menges, managing director of the equities division, who has been named group chairman.

The presidents of the two new groups will be Theodore P. Shen, for Capital Markets, and Richard S. Pechter, for Financial Services.

DLJ Capital Markets Group will incorporate all investment banking, public finance, institutional equities and fixed-income activities, said Richard H. Jenrette, chairman of the parent company, and John K. Castle, president, in a joint announcement.

The DLJ Financial Services Group is to incorporate all activities of DLJ's regional office system and the Pershing Division, a leading provider of correspondent services to more than 300 regional brokerage firms and 100 banks.

The new groups will report directly to Mr. Castle.

The move does not affect Alliance Capital Management Corp., the pension fund management division of DLJ, and ACLI International Inc., the commodities subsidiary.

Executive named

SAN FRANCISCO — Van Kasper & Co., a regional investment banking and brokerage firm, has named Bernard H. Goldsmith director of corporate finance.

Mr. Goldsmith formerly was chairman of the board of Barient Co., a manufacturer of winches and yacht gear.

"Barney Goldsmith brings over 40 years of top managerial experience to our firm," said F. Van Kasper, president. "Over that time he has developed a keen appreciation of the financing needs of emerging companies, the primary segment we serve."

Block trades increase

NEW YORK — An average of 1,436 block trades crossed the tape each day in 1983 — roughly four per minute — compared with the 1,007 per day recorded in 1982.

Large block trading volume measures institutional participation in the stock market.

A large block comprises 10,000 or more shares.

As a percentage of New York Stock Exchange reported volume, large block trading constituted 49.9% of all trading in December, compared with 49.3% in November.

Monthly block trading for 1983 averaged 45.6% of total NYSE reported volume, against 41% per month in 1982.

Cost put at $20.24

NEW YORK — The average overall cost per trade in the securities industry in 1983 was $20.24, but large securities firms tended to have lower overall operations costs per trade, according to a Peat Marwick Mitchell & Co. survey.

The bigger brokerage houses drew the greatest benefit from economies of scale, the accounting firm reported after a study of operations departments of 23 securities firms.

The benefits were apparent despite the 1983 bull market, which tended to equalize performance of brokerage firms, the survey found. The poll was conducted between Jan. 1 and June 30, 1983.

Total costs per trade include operations personnel costs, allocable portions of occupancy and equipment, communications and data processing costs, and floor brokerage and clearing costs.

Total operations department personnel costs per trade — which adds overtime, temporary employee and fringe benefit costs to the salary figures — were $5.89 per trade for large firms, $6.40 for medium firms and $7.18 for small firms.

"The magnitude of the large firm's salary productivity over the other firms was not as significant as it was during the previous year's bear market," said Pater E. Frank, Peat Marwick partner responsible for consulting services to the securities industry.

"In the 1982 survey, large firms' total salary costs per trade were 32% lower than small firms, and 5% lower than medium firms. The differential in salary costs per trade for the small and especially the medium firms compared to large firms was minimal, however, in 1983," he added.

Of the 23 firms participating in the confidential study, 14 were based in New York. Twenty-one firms said they had an institutional and retail clientele; two were solely retail.

Floor brokers of the large firms executed 195 trades per day on average, compared with 114 and 82 at medium and small firms respectively. Brokers at the large firms were paid the highest, but their higher trades-per-broker ratio made them the most cost effective at $2 in salary per New York Stock Exchange trade compared with $2.57 at medium firms and $3.15 at small firms.

However, bigger did not necessarily mean more revenue. Several small firms in the survey generated more revenue per trade than larger firms.

On a per-trade basis, total revenue averaged $131.88 for all firms. The firm with the highest revenue averaged $197.35 per trade and the one with the lowest revenue averaged $88.94 per trade.

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Corporate notes

Total 1983 volume
Full credit given to each manager and co-manager
($ millions)

Rank	Firm	$ volume	No./issues
1.	Salomon Brothers	31,450.9	298
2.	Merrill Lynch Capital Mkts.	28,818.5	330
3.	Goldman, Sachs	24,327.2	239
4.	First Boston	20,222.0	191
5.	Lehman Brothers Kuhn Loeb	11,765.8	132
6.	Morgan Stanley	11,222.3	124
7.	Drexel Burnham Lambert	9,418.8	150
8.	Kidder, Peabody	8,026.4	144
9.	E.F. Hutton	7,610.0	112
10.	Blyth Eastman Paine Webber	7,256.3	107
11.	Shearson/American Express	6,789.9	112
12.	Dean Witter Reynolds	6,131.2	120
13.	Prudential-Bache Securities	5,450.3	110
14.	A.G. Becker Paribas	4,457.2	69
15.	Bear, Stearns	4,011.3	64

Common stock 1983 volume
Full credit given to each manager and co-manager
($ millions)

Rank	Firm	$ volume	No./issues
1.	Merrill Lynch Capital Mkts.	9,188.8	139
2.	Goldman, Sachs	7,590.7	96
3.	Salomon Brothers	7,131.4	72
4.	Morgan Stanley	4,448.7	55
5.	E.F. Hutton	4,419.2	78
6.	First Boston	3,473.4	56
7.	Kidder, Peabody	3,354.9	87
8.	Dean Witter Reynolds	3,236.1	81
9.	Shearson/American Express	3,186.6	76
10.	Lehman Brothers Kuhn Loeb	3,116.1	58
11.	Prudential-Bache Securities	2,236.5	63
12.	L.F. Rothschild, Unterberg	2,203.0	66
13.	Blyth Eastman Paine Webber	2,064.1	47
14.	Alex. Brown & Sons	1,885.8	66
15.	Hambrecht & Quist	1,836.0	54

Total 1983 volume
Credit given only to lead manager
($ millions)

Rank	Firm	$ volume	No./issues
1.	Salomon Brothers	15,759.9	176
2.	Merrill Lynch Capital Mkts.	11,043.7	181
3.	Goldman, Sachs	10,735.8	137
4.	First Boston	9,594.6	113
5.	Morgan Stanley	8,425.3	101
6.	Drexel Burnham Lambert	7,354.5	125
7.	Lehman Brothers Kuhn Loeb	5,704.8	74
8.	Kidder, Peabody	3,418.1	85
9.	Blyth Eastman Paine Webber	3,128.1	61
10.	E.F. Hutton	2,223.1	60
11.	Shearson/American Express	2,170.8	53
12.	L.F. Rothschild, Unterberg	2,106.8	64
13.	Prudential-Bache Securities	1,857.7	59
14.	A.G. Becker Paribas	1,567.6	34
15.	Smith Barney, Harris Upham	1,561.5	50

Common stock 1983 volume
Credit given only to lead manager
($ millions)

Rank	Firm	$ volume	No./issues
1.	Morgan Stanley	4,101.1	49
2.	Goldman, Sachs	3,995.1	71
3.	Merrill Lynch Capital Mkts.	3,875.1	93
4.	Salomon Brothers	3,394.3	43
5.	Kidder, Peabody	2,100.7	66
6.	L.F. Rothschild, Unterberg	1,886.3	58
7.	E.F. Hutton	1,505.3	49
8.	First Boston	1,391.5	37
9.	Shearson/American Express	1,341.5	44
10.	Lehman Brothers Kuhn Loeb	1,321.3	36
11.	Prudential-Bache Securities	1,080.3	42
12.	Blyth Eastman Paine Webber	936.7	33
13.	Drexel Burnham Lambert	932.2	43
14.	Smith Barney, Harris Upham	876.6	28
15.	Dean Witter Reynolds	755.7	41

Straight debt 1983 volume
Full credit given to each manager and co-manager
($ millions)

Rank	Firm	$ volume	No./issues
1.	Salomon Brothers	21,401.9	192
2.	Merrill Lynch Capital Mkts.	15,298.7	142
3.	Goldman, Sachs	13,755.5	111
4.	First Boston	13,748.6	102
5.	Lehman Brothers Kuhn Loeb	6,965.2	51
6.	Drexel Burnham Lambert	5,592.0	65
7.	Morgan Stanley	5,224.2	42
8.	Kidder, Peabody	3,962.5	42
9.	Blyth Eastman Paine Webber	3,565.2	44
10.	Bear, Stearns	2,795.3	18
11.	Shearson/American Express	2,561.8	22
12.	Prudential-Bache Securities	2,503.8	36
13.	A.G. Becker	2,436.7	25
14.	E.F. Hutton	2,225.7	24
15.	Dean Witter Reynolds	1,963.1	26

Total 1983 initial public offering volume
Full credit given to each manager and co-manager
($ millions)

Rank	Firm	$ volume	No./issues
1.	Merrill Lynch Capital Mkts.	2,486.6	34
2.	Shearson/American Express	1,730.4	28
3.	E.F. Hutton	1,547.1	39
4.	L.F. Rothschild, Unterberg	1,344.3	37
5.	Salomon Brothers	1,195.2	18
6.	Goldman, Sachs	1,114.8	14
7.	Alex. Brown & Sons	1,095.6	41
8.	Dean Witter Reynolds	1,058.2	31
9.	Hambrecht & Quist	992.3	26
10.	Prudential-Bache Securities	965.0	36
11.	Drexel Burnham Lambert	757.0	20
12.	Morgan Stanley	666.0	13
13.	A.G. Becker Paribas	608.4	14
14.	Kidder, Peabody	580.4	18
15.	Blyth Eastman Paine Webber	563.2	13

Straight debt 1983 volume
Credit given only to lead manager
($ millions)

Rank	Firm	$ volume	No./issues
1.	Salomon Brothers	10,918.0	114
2.	First Boston	6,665.6	53
3.	Goldman, Sachs	4,929.7	47
4.	Merrill Lynch Capital Mkts.	4,746.5	58
5.	Drexel Burnham Lambert	4,716.9	53
6.	Lehman Brothers Kuhn Loeb	3,568.5	26
7.	Morgan Stanley	2,875.8	27
8.	Blyth Eastman Paine Webber	1,941.4	24
9.	A.G. Becker Paribas	1,195.0	13
10.	Kidder, Peabody	951.4	11
11.	Prudential-Bache Securities	572.4	13
12.	Smith Barney, Harris Upham	496.4	16
13.	Bear, Stearns	478.7	6
14.	E.F. Hutton	458.0	7
15.	Dillon, Read	308.9	4

Total 1983 initial public offering volume
Credit given only to lead manager
($ millions)

Rank	Firm	$ volume	No./issues
1.	Salomon Brothers	1,195.2	18
2.	L.F. Rothschild, Unterberg	1,100.1	30
3.	E.F. Hutton	839.4	26
4.	Merrill Lynch Capital Mkts.	781.4	23
5.	Prudential-Bache Securities	778.7	29
6.	Goldman, Sachs	654.5	12
7.	Shearson/American Express	638.7	11
8.	Morgan Stanley	610.0	12
9.	Kidder, Peabody	468.2	13
10.	Alex. Brown & Sons	408.8	19
11.	Drexel Burnham Lambert	370.9	15
12.	Lehman Brothers Kuhn Loeb	289.3	14
13.	Lazard Freres	237.8	2
14.	First Boston	222.1	6
15.	Bear, Stearns	217.6	10

Total 1983 shelf volume
Full credit given to each manager and co-manager
($ millions)

Rank	Firm	$ volume	No./issues
1.	Salomon Brothers	16,542.4	170
2.	Goldman, Sachs	13,919.0	140
3.	Merrill Lynch Capital Mkts.	11,097.9	113
4.	First Boston	10,369.9	119
5.	Lehman Brothers Kuhn Loeb	6,934.5	66
6.	Morgan Stanley	5,095.1	58
7.	Kidder, Peabody	3,931.9	58
8.	Blyth Eastman Paine Webber	3,812.2	44
9.	Dean Witter Reynolds	2,413.0	38
10.	Prudential-Bache Securities	1,688.7	27
11.	A.G. Becker Paribas	1,600.4	20
12.	Shearson/American Express	1,573.8	23
13.	Drexel Burnham Lambert	1,347.6	21
14.	E.F. Hutton	1,303.8	18
15.	Dominion Ames	1,219.2	9

Total 1983 shelf volume
Credit given only to lead manager
($ millions)

Rank	Firm	$ volume	No./issues
1.	Salomon Brothers	7,984.9	88
2.	Goldman, Sachs	6,191.0	78
3.	First Boston	5,116.5	69
4.	Morgan Stanley	3,719.9	45
5.	Merrill Lynch Capital Mkts.	3,474.4	43
6.	Lehman Brothers Kuhn Loeb	2,992.6	31
7.	Blyth Eastman Paine Webber	1,942.5	22
8.	Kidder, Peabody	1,468.3	29
9.	Smith Barney, Harris Upham	663.2	21
10.	Drexel Burnham Lambert	647.0	11
11.	A.G. Becker Paribas	623.4	6
12.	Prudential-Bache Securities	433.7	9
13.	Dean Witter Reynolds	409.5	7
14.	Shearson/American Express	360.8	7
15.	Lazard Freres	213.8	1

Source: Securities Data Company, Inc.

Salomon . . .

Continued from page 13

a remarkable 93%, close to 2,200 issues." Total dollar volume for bond financing rose 18.65% from 1982 volume, while preferred stock issue dollar volume was up 67.49%.

When full credit was given to each manager and co-manager, Merrill Lynch was second with $28.8 billion and 330 issues, followed by Goldman, Sachs & Co. with $24.3 billion and 239 issues.

When credit was given only to the lead manager, Merrill Lynch was second with $11 billion and 181 issues. Goldman, Sachs was third with $10.7 billion and 137 issues.

In the breakdown for debt and equity issues, Salomon led the straight debt underwriting category when full credit was given to each manager and co-manager.

The investment bank raised $21.4 billion in 192 transactions, followed by Merrill Lynch and Goldman, Sachs.

With credit given only to the lead manager, Salomon led with $10.9 billion in 114 financings; First Boston was second and Goldman, Sachs was third.

Merrill Lynch topped the list for common stock issues when full credit was given to each manager and co-manager, raising $9.2 billion with 139 issues. Goldman, Sachs was second and Salomon, third.

Morgan Stanley was first in common stock underwriting when credit was given only to the lead manager. It raised $4.1 billion with 49 issues. Under this credit allocation, Goldman, Sachs placed second and Merrill Lynch, third.

The leading initial public offering manager in 1983 was Merrill Lynch, with $2.5 billion raised in 34 issues when full credit was given to each manager and co-manager. Shearson/American Express and E.F. Hutton were second and third respectively.

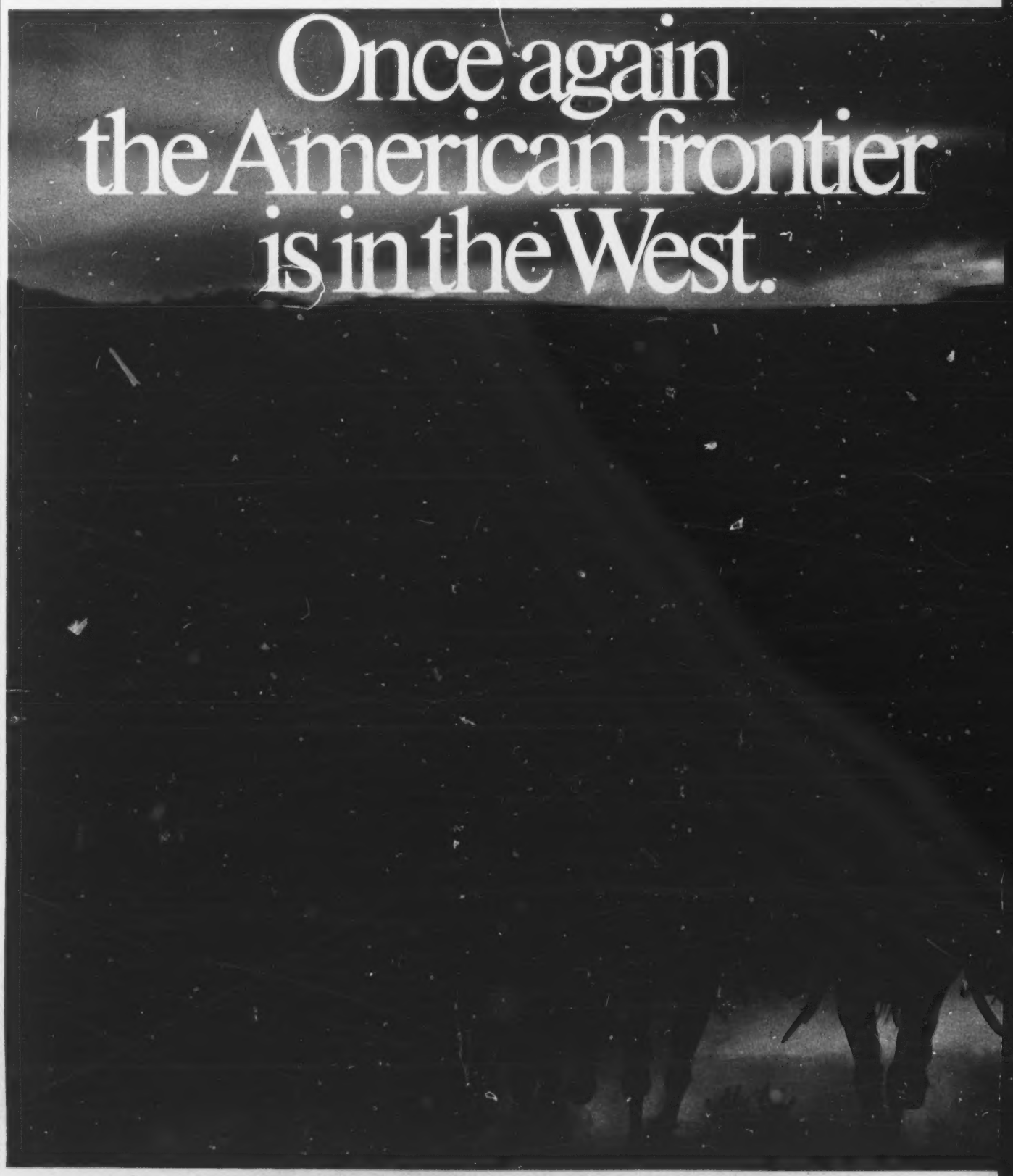
When full credit was given only to the lead manager, Salomon Brothers topped the list with $1.2 billion in 18 issues; L.F. Rothschild and E.F. Hutton followed.

Total initial public offering volume exceeded $12 billion in 1983. There were 689 transactions, more issues than all common stock done in 1982, reports Securities Data.

Shelf registered financings — on which much talk focused for two years — totaled $37.1 billion, or 38% of the total amount raised by corporations in 1983.

Salomon managed 170 shelf issues, raising $16.5 billion, emerging as the leader when credit was given to both lead manager and co-manager. Goldman, Sachs was second and Merrill Lynch was third.

When credit was given only to the lead manager, Salomon again was first, with $8 billion and 88 issues. Goldman, Sachs was second and First Boston was third. ■



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Sponsors call Japanese advisers satisfactory

By Ivy Schmerken

NEW YORK — U.S. pension sponsors with Japanese investment managers are satisfied with the managers' performance, but are not yet convinced they are significantly better in the Japanese market than global managers are.

A survey by *Pensions & Investment Age* of U.S. pension funds using Japanese managers revealed that no one was disappointed with the Japanese managers, but no one was absolutely delighted either.

However, a Frank Russell International study made a strong case for hiring Japan-only equity managers. The study indicated Japanese managers outperform other managers in the Japanese market.

The regional firms specializing in Japan and the Pacific Basin markets have performed well, but not "head and shoulders above" the other international managers, said R. Charles Tschampion, director-investment manager relations for General Motors Corp.'s $17.8 billion pension fund.

International

GM hired Daiwa International Capital Management Corp. and Nomura Capital Management Inc. in early 1983, so Mr. Tschampion's assessment is based on only nine months' experience. But it seemed to reflect the consensus of the pension funds surveyed by *P&I Age*. The survey concludes:

• U.S. pension sponsors view Japanese investment managers as good, highly responsible managers. They judge the managers on the basis of their investment returns relative to other international managers, to the local market indexes and to the Standard & Poor's 500 stock index.

• They set investment returns as a priority above knowing what stocks a manager is holding. In theory, U.S. sponsors generally say

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Pensions & Investment Age

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Fund lures large firms

By Steve Hemmerick

LOS ANGELES — Some of the nation's largest companies, including IBM and AT&T, are participating in a venture capital fund that primarily will invest in start-up companies in Southern, rather than Northern, California.

Other investors in the $36 million Oxford Venture Fund II include Hughes Aircraft Co., NCR Corp., Eaton Corp., General Motors Corp., Pitney Bowes Inc., Burroughs Corp. and General Electric Co.

Some, but not all, investments were for the company pension funds.

Neil Ryan, a co-founder of Oxford Ventures and a former vice president for corporate development for GTE Corp., said there are 11 venture capital partnerships operating in

Continued on page 53

29 trustees, adviser cited

DOL sues over investment of funds

By Richard J. Gillespie

WASHINGTON — The Department of Labor filed suit against 29 trustees of three union plans, including William Winpisinger, president of the International Association of Machinists and Aerospace Workers, as well as against investment counselor Sidney A. King.

According to the suits filed in Cincinnati and Washington, Mr. King breached his fiduciary duties by investing plan assets in companies from which he "received considerations for his own personal account."

"As a result of the . . . breaches . . . the plan(s) experienced substantial financial losses for which . . . plan trustees and Sidney A. King are jointly and severally liable," said the complaints.

Mr. King left Drexel Burnham Lambert's Los Angeles office in 1982 to join First Wilshire Securities Management Inc. as an operations and compliance officer. Neither firm was named in the suit, nor is there any reason to suspect either firm was involved.

The three union plans involved are the International Molders and Allied Workers Pension Fund, the MIRA-Molders and Allied Workers Pension Trust and the IAM Pension Plan.

The trustees were charged with violating the Employee Retirement Income Security Act by imprudently "relying on the investment advice" of Mr. King "in investing in the securities of companies to which Mr. King had a current or prospective economic interest or relationship."

Along with the restitution of losses, the complaints also request that an independent investment manager be named to handle the plans, and that Mr. King be enjoined from acting as a fiduciary or service provider to ERISA plans for at least 10 years.

Raymond J. Donovan, secretary of Labor, is the plaintiff.

The suit against IMAWP and MIRA was brought in U.S. District Court for the Southern District of Ohio, Western Division, under Judge S. Arthur Spiegel. The complaint against IAM was filed in U.S. District Court for the District of Columbia under Judge Stanley Harris.

The charges against the trustees were couched in very general terms, alleging violations of Sections 404 and 405 of ERISA, which deal with the fiduciary duties and liability for breach by co-fiduciaries respectively.

Likewise, charges against Mr. King were worded generally and alleged violations of Sections 404 and 406 of ERISA. Section 406 deals with prohibited transactions.

"The charges are not clear or specific, and it is very hard for us to make a statement without more than that," said Eugene Glover, secretary and treasurer of the IAM.

"There may be more specifics of which we are not aware. We would like to see more specifics before we make a statement."

Mr. Glover said the IAM plan named in the action is the pension fund for union headquarters' staff, not the main plan for union members.

Lawyers for the Labor Department declined to elaborate on any specific instances of wrongdoing.

An article appearing in *Pensions & Investment Age* on Dec. 20, 1982, detailed the activities of the IAM and IMAWP, and Mr. King was loosely associated with a company named in that article.

Continued on page 54

Late news

Account terminated

TOLEDO, Ohio — Dana Corp.'s $500 million plan dismissed a growth stock account with Putnam Advisory Counsel so the investment staff could manage it "more conservatively," said Louis Polries, vice president-investments. Mr. Polries did not say what portion of the $300 million in assets managed in-house were from Putnam.

Citibank appoints

NEW YORK — Claude Morton Jr. will become vice president and director of the real estate investment and management department at Citibank Investment Management March 5. Mr. Morton replaces Wayne Stemmer, who left to become president of Unicorp American.

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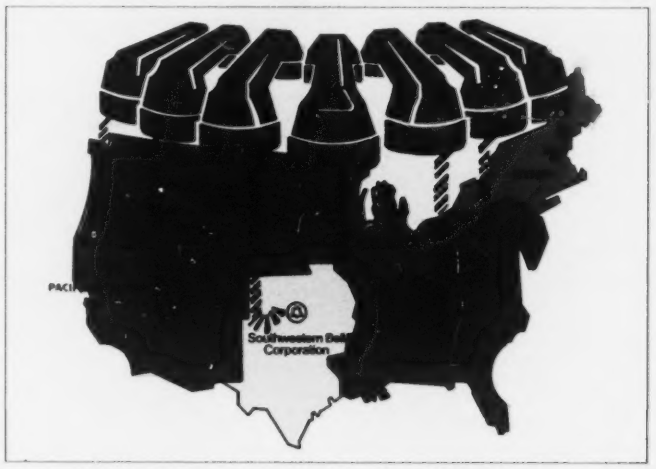

The seven telephone operating companies spun off from AT&T are forging new relationships in pension investments, investment banking and cash management.

In a series of stories, *Pensions & Investment Age* examines how each of the Bell babies is grappling with the task of consolidating the newly disaggregated assets and charting a definite game plan.

The series is based on interviews with the top financial officers of the new companies, and begins with U S WEST. The pension fund is spotlighted on this page, the corporate finance outlook is on page 33 and the cash management operation is on page 39.

U S WEST jumps out of the starting gate

By Fred Williams

ENGLEWOOD, Colo. — Less than two months after inheriting $2.3 billion in pension assets from AT&T, U S WEST already has hired Citibank as a venture capital adviser.

James Biundo, director of trust investment management, said Citibank will be given $10 million to $15 million initially, with the possibility of increasing the allocation to $25 million.

"This is not the type of thing you want to go too fast in," he said.

Other than the venture capital investment, U S WEST will go through an initial shakedown and planning period before making any changes.

Mr. Biundo heads the nine-member trust investment group at U S WEST, which is responsible for the central management of all the company's trust assets. The principal trust is the pension fund.

In addition to the $2.3 billion, $1.8 billion in pension assets will be transferred to U S WEST from American Telephone & Telegraph Co. when actuarial evaluations are completed, probably by mid-1985, Mr. Biundo said.

The total $4.1 billion is U S WEST's share of the approximately $54 billion in pension fund assets being parceled out to seven regional holding companies created

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James Biundo

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Court upholds asset reversion

Time recaptures $4 million

By Richard J. Gillespie

WASHINGTON — A U.S. Court of Appeals here upheld a lower court decision awarding Time Inc. more than $4 million in surplus pension assets of the now-defunct Washington Star.

The case shed light on the question of ownership of surplus pension fund assets in non-salary reduction plans. The surplus results when a defined benefit pension fund is terminated and liabilities have been paid.

Robert Paul, a lawyer representing four of six unions that fought to block the reversion, said that based on the decision, it appears companies are allowed to rewrite plan documents at the last minute to recapture excess pension fund assets.

"I think Congress will have to do something to stop the major erosion of the protection of ERISA (the Employee Retirement Income Security Act)," he said.

"If the employers can get away with these last-minute amendments to pension plans in order to recoup millions of dollars that for years was to be spent on the retirees, then it turns ERISA on its head and, in effect, makes it a statute for lawyers to cleverly come up with last-minute amendments," he said.

But the lawyer, now a judge, who argued the case for Time Inc., rebutted Mr. Paul's assertions.

"The amendment of which the plaintiffs complained reflected the exercise of a power that the employer had always retained, and I think as the judges held, retained clearly and unambiguously," said Marvin E. Frankel, who represented Time Inc., owner of the Washington newspaper.

> *"I think Congress will have to do something to stop the major erosion of the protection of ERISA"*

"The surplus that . . . was retaken by the employer was only available to the employer after provision had been made for every one of the benefits that any employee had ever been given any right to anticipate under this plan, and not one dollar was short."

A paragraph originally contained in the Washington Star pension fund's trust agreement, but not in its plan document, had stated that in the event of a plan termination, "no part of the trust fund shall ever revert to the company or inure to its benefit prior to the satisfaction of all liabilities to employees under the plan."

In 1976, the trustees amended both the plan document and trust agreement, and included a provision enabling the trust agreement to be amended again in the future.

At that time, the trustees also added some new wording dealing with termination: "In no event shall any of the trust fund be . . . returned to the employer or be used for, or diverted to, purposes other than for the exclusive benefit of employees covered by the plan or their beneficiaries."

But in July 1981, immediately

Continued on page 51

Accord reached on McLouth plan

By Joel Chernoff

WASHINGTON — The Pension Benefit Guaranty Corp. will pick up millions of dollars in claims from its agreement in principle to undo the spinoff/termination of McLouth Steel Corp.'s pension plan for hourly workers.

Current estimates are not available, but the PBGC previously had estimated that rolling back the spinoff and terminating the entire plan would cost it $42 million, instead of $13 million for terminating the retiree portion alone.

The PBGC had feared that allowing the spinoff/termination for McLouth would set a potentially dangerous precedent, enabling sponsors of ongoing underfunded plans to dump their liabilities on the agency.

The PBGC arrived at the arrangement with McLouth Steel Corp.; McLouth Steel Products Co., a unit of Tang Industries Inc.; and the United Steelworkers of America, which represents the hourly employees.

In fall 1982, Tang purchased the assets of McLouth Steel Corp. Tang then put those assets into a separate unit, McLouth Steel Products Co. McLouth Steel Corp. still exists, but is in bankruptcy proceedings.

As part of the sale, old McLouth terminated the plan for salaried workers and split the plan for hourly workers into separate parts for active and retired employees. McLouth filed to terminate the plan for retired hourly workers, and the active plan was transferred to the Tang unit.

Under the agreement, both the active and retiree portions of the old McLouth hourly plan will be terminated retroactively to Nov. 30, 1982, with the PBGC assuming the liabilities for unfunded guaranteed benefits. In effect, the spinoff of the original plan was rescinded.

In addition, McLouth Steel Products will make payments to the PBGC, based on the contributions it had planned to make to the active workers' plan, to cover liabilities for past service, according to the union and the company.

Lastly, a new defined benefit plan created by McLouth Steel

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Late news

Continued from page 1

After 22 years with Equitable Life Assurance Society of the United States, Mr. Morton took early retirement a year ago when the insurer relocated. In the interim, he has been vice president for investments at Columbia University, New York.

Stockton TRI ruling

WASHINGTON — Stockton TRI Industries must pay a multiemployer pension fund its share of the unfunded liabilities, a U.S. Court of Appeals ruled Feb. 14.

Stockton notified the International Association of Machinists National Pension Fund April 14, 1980, that it would quit the fund April 30. But the following September, Congress passed the Multiemployer Pension Plan Amendments Act, retroactive to April 29.

The fund hit the firm with a $114,282 bill for withdrawal liability, but the company balked. The I.A.M. fund sued, and a lower court said the firm's obligation ended with its notice to withdraw.

The U.S. Court of Appeals for the District of Columbia reversed that ruling, saying the firm was contracted to contribute until April 30.

However, the appeals court sent the case back to a lower court to consider whether the 1980 law's retroactive provision is constitutional. That issue is now before the U.S. Supreme Court.

Exemption granted

WASHINGTON — Employers leaving a West Coast maritime multiemployer plan will not have to pay their share of the plan's unfunded liabilities, under an exemption granted by the Pension Benefit Guaranty Corp.

The exemption will enable stevedoring firms that cease operations to avoid paying withdrawal liability to the International Longshoremen's and Warehousemen's Union-Pacific Maritime Association pension plan.

Advisory firm spun off

SAN DIEGO — California First Bank has decided to spin off its tax-exempt money management operations into a separate subsidiary.

The new venture, California First Capital Management Inc., La Jolla, will open March 1. It will manage all of the bank's trust funds and corporate pension accounts, totaling $170 million.

The bank's current portfolio managers — William Jeffery III, Ken McCain and Ted Nay — will operate the new subsidiary.

Furnary joins adviser

NEW YORK — Stephen J. Furnary has joined Jones Lang Wootton Realty Advisers as a partner and senior portfolio manager.

Broker sub launched

NEW YORK — Rothschild Inc. has launched a new subsidiary, Rothschild Securities Trading Inc., that will act as a broker in domestic securities and a market maker in U.S. over-the-counter stocks. James G. Gahan has been named president of the new firm.

Bank hires FRIMCO

ANCHORAGE, Alaska — The National Bank of Alaska has allocated a portion of pension assets under management to commingled funds run by Frank Russell Investment Management Co., said Charles Bailey, vice president and trust investment officer.

Of the $250 million the bank manages, initially $25 million will be committed to FRIMCO, the bank's sole outside manager. Pringle, Flinn, Elvins & Donahoe Inc., Seattle, was dismissed.

Investment adviser questionnaires due

NEW YORK — *Pensions & Investment Age's* annual Investment Adviser Directory questionnaires are due now.

The directory will profile the nation's leading money managers for tax-exempt investors. Managers who have not returned their questionnaires should do so immediately. Those who have not received one should call Eddy Christman at (212) 210-0117.

Weirton not part of National sale

By Kimberly Blanton

PITTSBURGH — The $100 million unfunded pension liability of National Steel Corp.'s former Weirton plant will be retained by the holding company that is selling National Steel to U.S. Steel Corp.

Last fall, plant employees bought the works from National Steel after the company threatened to close it. National Steel agreed to assume the plant's $100 million unfunded liability for five years, and permanently if the Weirton plant fails.

In agreeing to sell its steel works, National Intergroup, the holding company, will retain the pension liability, a National source said.

"U.S. Steel is taking the pension assets and benefits for all of National Steel Corp.," except Weirton, the source said. Including the contingent pension liability in the deal would have cut into the purchase price for the steel operation, reportedly around $1 billion. This would have left National with less to pursue other areas of business.

U.S. Steel has agreed in principal to pay $575 million cash and assume $400 million of National Steel's long-term debt.

National Intergroup will be released from the liability if the plant succeeds. It was bought through an employee stock ownership plan.

The unfunded liability on the Weirton plant alone is around $100 million. On Sept. 30, National reported pension assets of $943 million. About one-fourth of those assets are for the steel company subsidiary and will be turned over to U.S. Steel.

"The company for some time has wanted to pursue a new direction outside the steel business. And one of the problems has been that the pension liabilities have been so huge that if you sell them off, there's nothing left in the purchase price," the National source explained.

However, the Justice Department's Feb. 15 decision to oppose the LTV Corp.'s plan to acquire Republic Steel Corp. was seen as killing almost all hope for the completion of the National sale. Although the department did not specifically mention the deal, antitrust attorneys reportedly said approval now was highly unlikely. ■

P.I.P.E.R.

The statistical data is extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation service published by *Pensions & Investment Age*. P.I.P.E.R. details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies.

The report is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn. Information from the report is extracted and published quarterly in regular issues of *P&I Age*.

Firms turn to basics in slack bond market

By Rose Darby

NEW YORK — An emphasis on sound corporate fundamentals and a constant search for undervalued sectors helped top-ranked P.I.P.E.R. fixed-income managers weather the storm of slack fourth-quarter bond markets.

Some fixed-income managers said they feared the bond market was beginning to resemble the "go-go" markets of the late 1960s, which were subject to very rapid fluctuations.

Others, however, expect bonds to trade in a very narrow range in 1984, moving up at least after midyear.

Sticking to sound, historically tested principles paid off for the best-performing managers in the Pensions & Investments' Performance Evaluation Report on 231 bank and insurance company commingled, fixed-income funds.

Landmark First National Bank of Fort Lauderdale, Fla., emerged the leader for the quarter ended Dec. 31, 1983, with a 4.4% return on its $3.6 million fund.

John C. Schenck, vice president and senior trust investment officer who oversees the fund, said it was invested heavily in government guaranteed securities and Treasuries, with a light holding in corporate bonds.

Two swaps took place late last year that were partly responsible for boosting performance, he added.

Mr. Schenck said that for the rest of 1984, "we expect rates to remain close to current levels and expect them to be up a bit toward year-end. Right now, we're going into a flattish period for interest rates."

To continue the Employee Benefit Income Fund's exemplary performance, Mr. Schenck said, "we tend toward short to intermediate maturities, and have staggered them fairly well to take advantage of this throughout the year."

Landmark First National manages roughly $700 million in employee benefit funds, Mr. Schenck added.

Second in performance for the fourth quarter was the private placement account of Mutual of New York with a return on investment of 3.2%.

A public bond fund managed by MONY came in seventh for the period, with a 2.6% return.

Ranking third was Southeast Bank in Miami, with a quarterly return of 3%.

Following close behind were the $25 million Fixed Income Commingled Trust Fund at First National Bank of Jackson, Miss., 2.8%, and IAA Trust Co. of Bloomington, Ill., with 2.7%.

The median fund for the fourth quarter came in at 1.6%.

For the year ended Dec. 31, Security Pacific placed first with a return of 17.7%.

First Variable Life in Arkansas, with 17%, was second and Merchant's National Bank in Mobile, Ala., was third with 14.1%.

The median fund for the same period had an 8% return on investment.

MONY's private placement fund came in fourth for the year with a 13.4% return, while its public bond fund placed eighth with 12.1%.

Michael Drabb, senior vice president at MONY, who oversees both funds, said the private placement fund consists of $10 million in pension assets and the public bond fund totals $46 million to $48 million in corporate bonds.

MONY manages roughly $3.5 billion in fixed-income accounts for pension funds, he added.

The main attraction of the direct placement fund, he explained, is that "we locked in a high yield on a directly negotiated investment with a non-call feature. So, we know that yield will be there for a while."

In the public bond fund, Mr. Drabb said, "we don't do a lot of active trading, but rather concentrate on sound fundamentals, especially in industries where values aren't fully recognized." He included the CATV industry and banks and finance companies among these.

During the rest of this year, Mr. Drabb said, "we think there is going to be a fairly narrow trading range. A spread of about 250 basis points will be about it."

Placing fifth for the year was First National Bank in Jackson, with a 12.8% return.

Among the titan funds of $100 million or more, CIGNA Corp. took the winner's laurel for the year ended Dec. 31, with a 9.6% return. Prudential was close behind with 9.3%, and Morgan Guaranty was third with 9.1%.

CIGNA's commingled public bond account totals $217 million, according to Paul Wilson, vice president and manager of the fund for CIGNA Investment Management Corp., the money management arm for the insurance giant.

"We try to assess where we are in the overall business cycle and then determine what will happen to inflation at that point. We then translate that into interest rate forecasts for that same period, and as a result

Continued on page 25

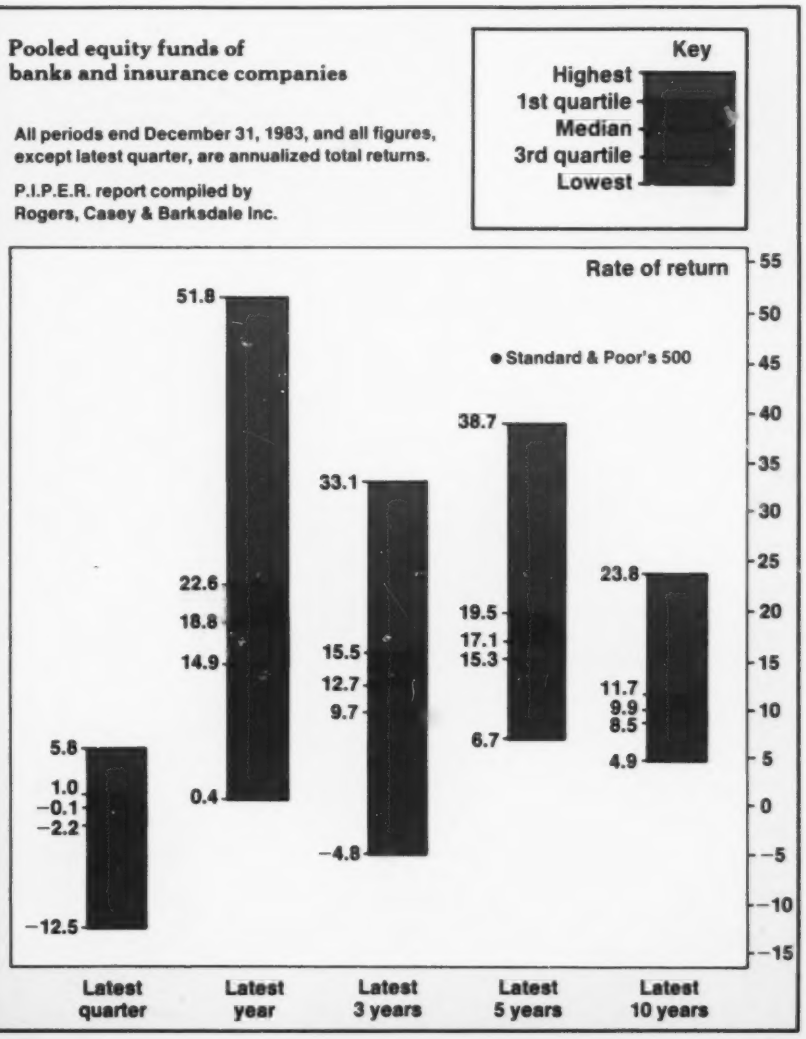
This special section contains:

Equity returns: all funds **pg.18**
Fixed-income returns: all funds ... **pg.20**
Top quartile equity funds **pg.21**
Top quartile fixed-income funds ... **pg.23**
Equity performance by size **pg.22**
Fixed-income performance by size . **pg.23**

Pooled equity funds of banks and insurance companies

All periods end December 31, 1983, and all figures, except latest quarter, are annualized total returns.

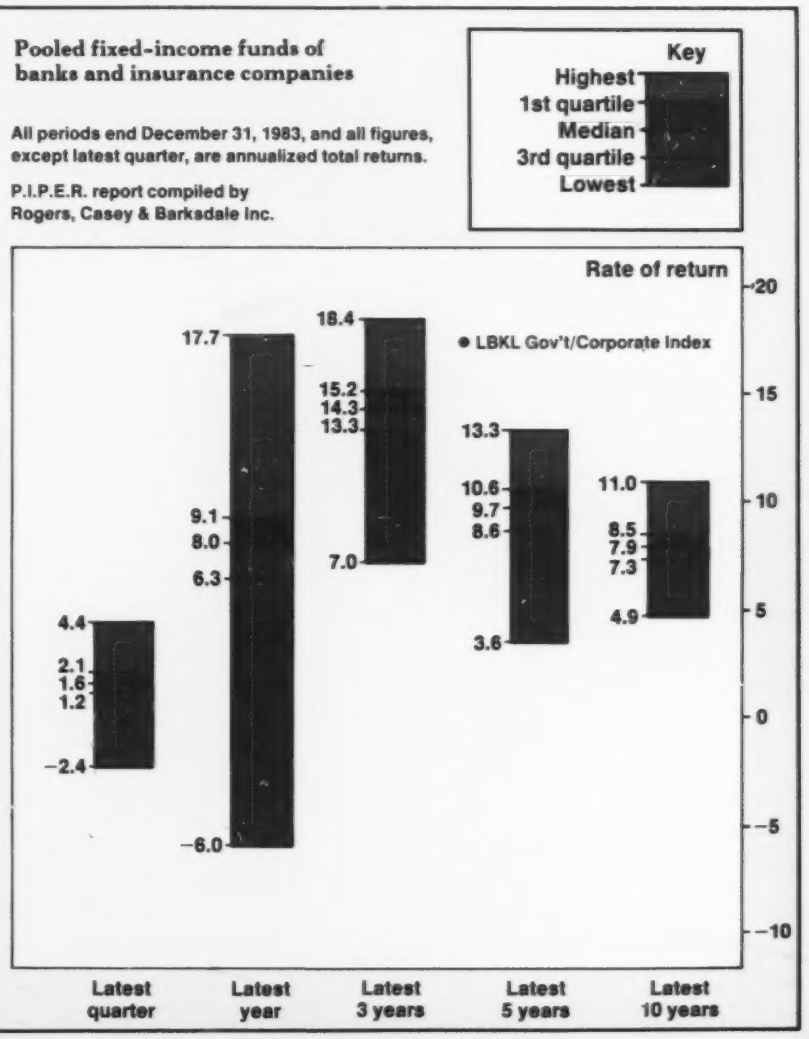
P.I.P.E.R. report compiled by Rogers, Casey & Barksdale Inc.



Pooled fixed-income funds of banks and insurance companies

All periods end December 31, 1983, and all figures, except latest quarter, are annualized total returns.

P.I.P.E.R. report compiled by Rogers, Casey & Barksdale Inc.



P.I.P.E.R.

Equity performance

Cumulative periods ending 12/31/83

	No. of years			
	1	5	10	DCR
	%			
Allied Bank, Texas	15.1	15.7	(1)	—
American Fletcher, Ind.	15.7	15.3	8.5	8
American National, Minn.	6.8	11.4	7.8	9
American Natl. Austin, Texas	5.2	9.9	8.2	9
American Natl., Chicago	32.2	21.0	(1)	—
American Natl. (Index), Chicago	22.5	17.2	10.3	5
American Security, D.C.	21.5	19.6	11.2	3
AmeriTrust, Ohio	24.6	16.6	10.6	4
AmSouth, Ala.	30.1	24.2	17.4	1
BancTexas Dallas	13.9	12.8	12.3	2
Bank of America, Calif.	19.6	10.7	5.2	10
Bank of California	15.1	15.6	7.4	9
Bank of Delaware	22.0	18.5	11.9	3
Bank of New England, Mass.	10.9	14.9	8.0	9
Bank of New England (grp.), Mass.	32.4	(1)	(1)	—
Bank of New York	14.3	14.0	7.7	9
Bank of Oklahoma	18.8	18.2	11.6	3
Bank of Southwest, Texas	21.4	17.5	7.9	9
Bank of the West, Calif.	8.3	(1)	(1)	—
Bank One, Ohio	5.3	16.9	5.7	10
Bankers Life, Iowa	34.0	21.6	16.9	1
Bankers Trust, N.Y.	17.6	17.6	8.8	7
Bankers Trust (Index), N.Y.	23.7	17.8	(1)	—
Bessemer Trust, N.Y.	24.5	25.7	17.4	1
Beverly Bank, Ill.	21.3	16.7	9.0	7
Boatmen's Bank, K.C., Mo.	6.8	11.7	(1)	—
Boatmen's National, Mo.	12.4	16.0	(1)	—
Boston Safe Deposit	21.8	16.2	7.1	10
California First Bank	16.7	20.2	9.2	7
Capital Bank, Houston	19.2	23.1	14.8	1
Centerre Trust, Mo.	20.2	18.5	8.4	8
Central Bank, Denver	16.8	16.5	8.8	8
Central Fid., Lynchburg, Va.	10.7	14.5	8.0	9
Central Fid., Richmond, Va.	15.0	15.9	10.6	4
Central Natl. Cleveland	20.5	15.8	10.8	4
Central Pennsylvania	19.6	16.1	10.5	4
Central Trust, Ohio	15.5	15.2	9.0	7
Chase Manhattan, N.Y.	24.2	20.2	10.0	5
Chemical Bank, N.Y.	11.9	15.7	9.5	6
Chicago Title & Trust	23.4	18.5	12.1	2
CIGNA Corp., Conn.	15.0	19.7	11.7	3
Citibank, N.Y.	21.2	19.6	9.3	6
Citizens Chillicothe, Mo.	4.7	23.3	18.5	1
Citizens Fidelity, Ky.	20.3	17.7	(1)	—
Citizens Trust Co., Wis.	16.3	(1)	(1)	—
Citizens & Southern, Ga.	10.4	13.0	9.4	6
College Ret. Equities Fund	25.1	17.0	9.5	6
Colorado Natl. Bank	22.3	19.7	10.3	5
Comerica Bank, Mich.	19.1	14.3	7.6	9
Commonwealth Natl., Pa.	14.9	19.3	11.4	3
Confederation Life, Ontario	23.7	22.3	16.5	1
Connecticut Mutual Life	32.8	20.9	11.0	4
Connecticut National Bank	19.0	14.8	8.9	7
Continental Bank, Pa.	21.9	19.6	10.2	5
Continental Illinois	14.8	16.6	7.5	9
Crocker National, Calif.	19.6	17.2	10.2	5
Crown Life, Ontario	14.2	16.1	12.6	2
Cullen Bank, Texas	24.8	15.0	(1)	—
Dauphin Deposit, Pa.	22.6	19.2	(1)	—
Employers Life of Wausau, Wis.	21.7	27.1	15.7	1
Equibank, Pa.	13.6	12.4	(1)	—
Equitable Life (No. 1), N.Y.	17.5	17.4	9.5	6
Equitable Life (No. 4), N.Y.	20.5	24.1	12.8	2
Fidelity Bank, Okla.	17.2	14.2	6.3	10
Fidelity Bank, Pa.	17.6	11.3	6.5	10
Fidelity Mgmt. Trust, Mass.	32.9	(1)	(1)	—
Fidelity Union, N.J.	23.8	18.9	9.5	6
Fifth Third Bank, Ohio	21.4	19.5	13.3	2
First Bank Milwaukee	16.9	18.3	9.6	6
First Citizens, N.C.	19.2	(1)	(1)	—
First City Dallas	10.5	13.3	8.3	8
First City Natl. Houston	18.3	19.3	10.5	4
First Interstate of Ariz.	14.1	15.5	7.2	10
First Interstate of Calif.	6.0	13.2	8.3	8
First Interstate of Nevada	8.6	22.6	(1)	—
First Interstate of Oregon	31.6	18.8	11.7	3
First Interstate of Wash.	19.0	18.2	13.0	2
First Jersey Natl., N.J.	22.2	16.2	12.3	2
First Kentucky Trust	16.4	17.4	10.0	5
First Merch., Richmond, Va.	26.4	18.4	(1)	—
First Natl., Lincoln, Neb.	16.3	18.1	10.6	4
First Natl. of Commerce, La.	12.9	19.9	11.9	3
First Natl. of Tulsa, Okla.	13.4	15.3	6.2	10
First Natl. State, N.J.	11.3	13.7	8.4	8
First of Allentown, Pa.	17.2	16.5	(1)	—
First of Boston	20.4	15.3	8.1	9
First of Chicago	23.2	15.9	10.3	5
First of Cincinnati	11.3	14.9	8.4	8
First of Elgin, Ill.	13.4	16.2	(1)	—
First of Grand Island, Neb.	23.2	(1)	(1)	—
First of Kansas City, Mo.	18.6	16.4	8.0	9
First of Kenosha, Wis.	17.4	15.0	14.2	1
First of Minneapolis	19.3	13.6	8.8	8
First of Mobile, Ala.	16.6	16.1	8.5	8
First of Neenah, Wis.	14.9	15.8	9.2	7
First of Oklahoma	22.6	25.9	14.3	1
First of Pennsylvania, Erie	22.1	13.0	10.6	4
First of Shreveport, La.	11.0	13.4	(1)	—
First of Warsaw, Ind.	27.1	18.0	10.7	4
First Pennsylvania Bank	22.0	16.0	11.8	3
First Tennessee, Chat.	17.5	18.6	12.7	2
First Tennessee, Memphis	23.1	19.8	11.5	3
First Trust Corp., Colo.	16.2	22.2	15.7	1
First Trust St. Paul, Minn.	22.6	18.0	10.2	5
First Union Bank, N.C.	40.1	26.8	12.2	2
First Variable Life, Ark.	44.0	23.6	20.0	1
First Wis. Natl. Madison	31.9	23.0	20.2	1
First Wisconsin Trust	18.6	17.9	(1)	—
Fleet Natl. Bank, R.I.	5.3	13.5	5.7	10
Florida Natl. Bank	15.5	13.9	(1)	—
Fourth Natl. Tulsa, Okla.	24.4	19.5	(1)	—
Fourth Natl. Wichita, Kan.	10.9	12.6	10.3	5
Gary Wheaton Bank, Ill.	6.7	15.5	7.2	10
General American, Mo.	10.5	12.9	(1)	—
Genesee Merchants, Mich.	13.6	18.5	8.6	8
Girard Bank, Pa.	11.4	19.2	9.4	6
Great West Life, Manitoba	22.2	16.7	8.2	9
Greeley Natl., Conn.	12.1	9.6	(1)	—
Guardian Insurance, N.Y.	28.6	21.8	19.3	1
Hamilton Bank, Pa.	19.0	17.2	8.2	9
Harris Trust, Ill.	16.4	15.5	8.8	7
Hawaiian Trust	14.8	15.8	8.9	7
Heritage Trust, Wis.	15.9	15.7	9.2	7
Hibernia National, La.	12.4	13.4	12.8	2
Home Life, N.Y.	15.0	24.3	13.0	2
HT Investors, R.I.	20.3	18.4	9.9	5
Huntington Banks, Ohio	24.1	21.7	10.0	5
IAA Trust Co., Ill.	22.0	20.4	(1)	—
Indiana National Bank	14.7	17.1	(1)	—
Interfirst Invt. Mgmt., Texas	17.0	18.3	10.6	4
Irving Trust, N.Y.	28.9	17.2	7.5	9
Irwin Union Bank, Ind.	9.9	11.4	7.8	9
Jefferson Trust, Ill.	21.9	14.9	11.7	3
Kellogg Bank, Wis.	7.8	13.4	9.3	7
Key Trust Co., N.Y.	18.9	15.2	8.8	7
Lake Shore Natl., Ill.	23.7	19.8	10.4	4
Landmark First Natl., Fla.	20.4	17.3	(1)	—
Landmark Union Trust, Fla.	21.9	19.7	14.7	1
Liberty Natl., Ky.	22.9	(1)	(1)	—
Life of Virginia	27.5	19.5	12.9	2
Lincoln National, Ind.	21.0	16.0	9.3	6
Lincoln Natl. Pens., Ind.	19.2	(1)	(1)	—
Lloyds Bank, Calif.	13.2	15.4	7.9	9
Long Island Trust, N.Y.	7.5	17.3	8.4	8
Manufacturers Detroit	24.9	19.8	11.6	3
Manufacturers Hanover, N.Y.	17.2	17.1	7.7	9
Manufacturers Life, Ontario	51.8	38.7	23.8	1
Manufacturers & Trader, N.Y.	20.4	6.7	4.9	10
Marine Bank, Pa.	20.3	(1)	(1)	—
Marine Midland, N.Y.	27.3	(1)	(1)	—
Marine Trust, Wis.	12.7	20.8	10.7	4
Marquette Natl., Minn.	12.8	9.8	9.6	6
Maryland National	21.8	15.6	9.0	7
Massachusetts Mutual	24.2	21.1	14.2	1
Mellon Bank, Pa.	26.0	14.6	7.0	10
Mercantile Natl., Ind.	25.8	(1)	(1)	—
Mercantile Safe, Md.	27.5	19.7	8.3	8
Mercantile Trust, Mo.	33.4	17.0	9.9	6
Merchants Natl., Ala.	34.7	17.2	9.9	6
Merchants Natl., Iowa	14.3	13.6	(1)	—
Merchants Natl., Ind.	15.0	15.8	9.2	7
Merchants Natl., Pa.	17.6	15.0	(1)	—
Metropolitan Life, N.Y.	17.5	16.1	7.0	10
Mich. Natl. of Detroit	11.6	13.0	7.2	10
Mich. Natl. of Grand Rapids	11.9	13.4	10.7	4
Midlantic National, N.J.	16.9	15.5	10.7	4
Mid-State Bancorp., Pa.	22.1	19.4	(1)	—
Minnesota Mutual	32.0	19.8	13.3	2
Moline National, Ill.	10.6	15.9	11.5	3
Morgan Guaranty, N.Y.	22.8	16.0	(1)	—
Mutual Benefit, N.J.	30.0	20.2	11.3	3
Mutual of N.Y.	19.0	15.7	8.0	9
Natl. of Commerce San Antonio	14.9	18.3	10.3	5
Natl. Bank of Detroit	14.5	13.1	8.6	8
Natl. City Cleveland	21.9	20.2	11.8	3
Natl. of Commerce, Neb.	17.4	20.3	14.2	1
Natl. of Commerce, Tenn.	29.8	(1)	(1)	—
Natl. Westminster, N.Y.	21.1	16.9	8.6	8
New England Mutual, Mass.	13.5	19.1	10.0	5
New Jersey National	15.7	15.5	9.2	7
North Carolina Natl. Bank	4.6	14.0	9.2	7
Northern Trust (con.), Ill.	19.0	20.5	11.7	3
Northern Trust (div.), Ill.	18.0	17.8	8.9	7
Norwest Bank, Minn.	17.1	17.2	10.4	5
Ohio Citizens Trust	14.3	18.3	10.1	5
Old Kent, Mich.	20.3	17.2	8.9	7
Old National, Wash.	16.1	15.7	9.5	6
Old Second Natl., Ill.	15.0	14.8	10.6	4
Olympic Bank, Wash.	18.0	18.4	11.0	4
Oregon Bank	22.6	13.9	10.1	5
Ouachita Natl., La.	9.1	13.8	(1)	—
Pacific Mutual, Calif.	15.1	16.1	10.6	4
Pennsylvania Mutual Life	27.4	20.5	13.9	2
Peoples Trust, Ind.	9.0	9.3	7.0	10
Philadelphia Life, Pa.	22.1	25.7	19.5	1
Pioneer Bank, Ill.	29.4	(1)	(1)	—
Pittsburgh Natl., Pa.	19.3	15.2	(1)	—
Pittsburgh Natl. (QMS), Pa.	16.5	18.7	12.3	2
Planters National, N.C.	16.5	19.7	(1)	—
Provident Bank, Ohio	10.0	13.1	9.8	6
Provident Mutual, Pa.	18.4	17.3	12.1	3
Provident National, Pa.	35.5	23.8	12.9	2
Prudential, N.J.	17.8	15.5	9.7	6
Puget Sound Natl., Wash.	0.4	14.9	7.2	10
Rainier National, Wash.	18.9	20.6	10.5	4
Republic National, Dallas	28.3	17.5	8.9	7
Resource Bank & Trust, Minn.	23.9	(1)	(1)	—
Riggs of Washington	10.3	14.4	8.5	8
Seattle First National	4.3	15.5	8.6	8
Seattle Trust	33.2	18.8	11.5	3
Security Natl. Bank, W. Va.	18.6	(1)	(1)	—
Security Pacific, Calif.	7.0	(1)	(1)	—
Security Peoples Trust, Pa.	15.5	14.8	9.5	6
Security Tr., Rochester, N.Y.	23.5	19.4	12.0	3
Sentry Life, Wis.	15.3	20.2	12.1	2
Shawmut of Boston	16.4	10.7	5.7	10
Society Natl., Ohio	16.7	(1)	(1)	—
Southeast Bank, Fla.	21.3	19.1	8.3	8
State Street Bank, Mass.	21.8	19.4	8.1	9
St. Louis County Bank, Mo.	21.3	16.0	8.7	8
Summit & Elizabeth, N.J.	18.8	10.7	7.1	10
Sun Bank, Fla.	33.3	21.9	(1)	—
Texas American Bank	15.4	17.1	12.0	3
Texas Commerce	27.5	22.6	10.3	5
Third Natl. Nashville, Tenn.	13.2	17.0	9.2	7
Toledo Trust	16.7	13.7	7.3	10
Travelers, Conn.	16.1	17.3	10.8	4
Trust Co. of Georgia	11.3	16.1	9.1	7
Trust SVCS of Amer., Calif.	15.5	16.4	9.4	6
Unibanctrust, Ill.	20.0	20.0	9.8	6
Union Central, Ohio	30.8	19.3	12.1	3
Union Natl., Wichita, Kan.	12.3	15.4	(1)	—
Union Planters, Tenn.	17.2	16.8	10.3	5
United Missouri, K.C.	21.3	16.7	10.3	5
United of Denver	31.4	26.4	13.4	2
United Virginia Bank	19.7	19.3	9.9	6
US Natl. of Galveston, Texas	26.4	21.5	16.9	1
US Natl. of Oregon	25.9	25.2	15.9	1
US Trust, N.Y.	24.9	15.4	5.0	10
Valley Natl., Ariz.	19.7	14.1	6.2	10
Virginia Natl.	16.0	16.5	9.6	6
Wachovia Bank, N.C.	21.6	16.0	8.4	8
Wachovia Bank (Mgt.), N.C.	16.3	(1)	(1)	—
Wheeling Dollar Bank, W. Va.	22.2	21.3	13.4	2
Wilmington Trust, Del.	19.4	17.6	8.7	8
Standard & Poor's 500	**22.6**	**17.4**	**10.7**	**4**

(1) - Fund too new
DCR - 10-year decile rank.

P.I.P.E.R.

Fixed-income performance

Cumulative periods ending 12/31/83.

	No. of years 1	5	10	DCR
	%			
Allied Bank, Texas	6.8	12.4	9.6	1
American Fletcher, Ind.	8.2	8.0	8.0	5
American Fletcher (Int.), Ind.	8.7	8.6	8.3	4
American National, Minn.	5.2	10.4	(1)	—
American Natl., Austin, Texas	2.6	11.3	(1)	—
American Natl. Chicago	8.9	11.0	8.7	2
American Security, D.C.	6.9	11.6	11.0	1
AmeriTrust, Ohio	7.5	8.7	7.4	8
AmeriTrust (res.), Ohio	8.7	12.7	(1)	—
AmSouth, Ala.	6.2	6.9	6.5	10
AmSouth, Ala.	4.2	(1)	(1)	—
BancTexas, Dallas	8.2	10.7	8.4	3
Bank of America, Calif.	6.6	7.2	7.4	8
Bank of California	4.6	9.2	7.9	6
Bank of New England, Mass.	8.0	11.7	8.0	5
Bank of New York	9.0	9.8	(1)	1
Bank of Oklahoma	9.1	7.4	7.0	9
Bank of Southwest, Texas	2.6	6.6	6.9	9
Bank One, Ohio	5.2	(1)	(1)	—
Bankers Trust (A), N.Y.	4.3	10.2	8.3	4
Bankers Trust (B), N.Y.	9.0	11.6	9.1	2
Bessemer Trust, N.Y.	5.4	9.8	(1)	—
Beverly Bank, Ill.	11.4	12.4	9.3	1
Boatmen's National, Mo.	3.5	11.5	(1)	—
Boston Safe Deposit	5.3	9.0	6.9	9
California First Bank	10.6	9.0	9.6	1
Centerre Trust, Mo.	4.3	11.0	9.1	2
Central Bank Denver, Colo.	5.8	7.4	(1)	—
Central Fid., Lynchburg, Va.	12.6	10.8	8.2	4
Central Fid., Richmond, Va.	9.3	9.2	7.5	7
Central Natl., Cleveland	6.0	9.6	7.7	6
Central Pennsylvania	10.2	(1)	(1)	—
Central Trust, Ohio	5.8	10.0	7.8	6
Chase Manhattan, N.Y.	4.5	8.6	(1)	—
Chemical Bank, N.Y.	5.8	7.5	7.3	8
Chicago Title & Trust	8.8	8.7	7.6	7
CIGNA Corp. Conn.	9.5	9.8	9.3	2
Citibank, N.Y.	9.0	9.6	8.1	4
Citizens Fidelity, Ky.	5.9	10.0	8.2	4
Citizens & Southern, Ga.	6.6	6.5	6.9	9
City Trust, N.J.	9.7	(1)	(1)	—
Colonial Am. Natl., Va.	9.1	9.4	(1)	—
Colorado Natl. Bank	7.6	8.5	7.6	7
Comerica Bank, Mich.	3.6	8.6	7.9	6
Comerica Bank (Int.), Mich.	7.9	(1)	(1)	—
Commerce Union, Tenn.	0.8	11.5	10.1	1
Commonwealth Natl., Pa.	5.5	9.7	7.3	8
Connecticut National Bank (EB)	8.8	9.6	(1)	—
Connecticut National Bank (Int.)	6.2	(1)	(1)	—
Continental Bank, Pa.	4.8	8.2	7.1	9
Continental Illinois	3.1	5.8	6.6	10
Crocker National, Calif.	8.4	10.3	8.4	3
Crown Life, Ontario	6.9	8.4	7.4	8
Cullen Bank, Texas	10.3	12.4	9.3	1
Dauphin Deposit, Pa.	7.0	10.0	(1)	—
Equibank, Pa.	9.3	8.2	(1)	—
Equitable Life, N.Y.	2.7	6.0	5.8	10
Fidelity Bank, Okla.	6.9	8.8	7.1	9
Fidelity Bank, Pa.	5.9	11.9	9.7	1
Fidelity Union, N.J.	6.6	8.7	7.6	7
Fidelity Union (Int.), N.J.	6.9	11.5	9.3	2
Fifth Third Bank, Ohio	6.7	(1)	(1)	—
First Bank Milwaukee	7.3	10.9	7.8	6
First Citizens, N.C.	10.1	(1)	(1)	—
First City Dallas	8.6	8.5	6.9	9
First City Natl., Houston	4.0	7.7	7.3	8
First Interstate of Calif.	10.9	11.2	9.1	2
First Interstate of Nevada	9.2	(1)	(1)	—
First Interstate of Oregon	8.1	9.2	7.7	7
First Interstate of Wash.	8.0	9.5	7.5	7
First Jersey Natl., N.J.	8.2	11.9	9.6	1
First Kentucky Trust	9.1	11.4	8.8	2
First Merch., Richmond, Va.	10.5	13.0	10.1	1
First Natl., Jackson, Miss.	12.8	10.5	(1)	—
First Natl., Lincoln, Neb.	8.4	9.9	8.0	5
First Natl. of Commerce, La.	6.7	10.6	8.0	5
First Natl. of Tulsa, Okla.	4.9	9.0	7.3	9
First Natl. State, N.J.	10.3	10.3	8.1	4
First of Allentown, Pa.	5.9	(1)	(1)	—
First of Boston	6.5	8.3	6.9	9
First of Chicago	7.7	9.3	7.6	7
First of Cincinnati	8.7	9.1	7.6	7
First of Cincinnati (Int.)	7.0	(1)	(1)	—
First of Elgin, Ill.	8.7	10.6	(1)	—
First of Grand Island, Neb.	10.1	(1)	(1)	—
First of Kansas City, Mo.	8.5	11.8	(1)	—
First of Kenosha, Wis.	3.9	4.8	4.9	10
First of Minneapolis	6.9	7.5	7.6	7
First of Mobile, Ala.	9.0	9.6	7.7	7
First of Neenah, Wis.	9.0	11.0	9.3	2
First of Neenah (int.), Wis.	8.3	11.1	(1)	—
First of Neenah (mtg.), Wis.	11.8	11.0	(1)	—
First of Oklahoma	7.1	5.3	(1)	—
First of Pennsylvania, Erie	9.3	11.5	8.5	3
First of Shreveport, La.	7.3	7.0	(1)	—
First of Warsaw, Ind.	9.7	10.8	7.9	6
First Pennsylvania Bank	2.7	7.2	7.9	6
First Tennessee Chat.	4.4	10.0	6.8	10
First Tennessee, Memphis	5.7	8.6	8.0	5
First Trust Corp., Conn.	7.8	8.3	7.9	6
First Trust, St. Paul, Minn.	7.3	9.7	8.0	5
First Union Bank, N.C.	8.6	9.7	7.9	5
First Variable Life, Ark.	17.0	12.4	(1)	—
First Wis. Natl., Madison	9.5	11.0	8.8	2
First Wisconsin Trust	7.3	8.6	7.8	6
Fleet Natl. Bank, R.I.	6.7	9.1	7.3	8
Florida Natl. Bank	8.7	9.9	(1)	—
Fourth Natl. Tulsa, Okla.	9.7	8.9	(1)	—
Fourth Natl., Wichita, Kan.	6.3	13.3	10.1	1
Gary Wheaton Bank, Ill.	11.0	10.6	7.8	6
General American (Acct.8), Mo.	7.2	(1)	(1)	—
General American (Acct.9), Mo.	8.8	(1)	(1)	—
Genesee Merchants, Mich.	8.6	10.3	8.2	4
Girard Bank, Pa.	6.7	9.8	7.7	7
Greeley Natl., Conn.	7.3	9.8	(1)	—
Hamilton Bank, Pa.	10.1	10.6	(1)	—
Harris Trust, Ill.	5.9	6.5	7.2	9
Hawaiian Trust	−0.2	8.2	7.1	9
Heritage Trust, Wis.	9.2	9.7	5.9	10
Hibernia National, La.	7.0	12.2	10.4	1
HT Investors Inc., R.I.	8.2	8.1	6.8	9
Huntington Banks, Ohio	7.0	7.9	6.3	10
IAA Trust Co., Ill.	10.2	8.7	(1)	—
Indiana National Bank	7.0	10.4	(1)	—
Interfirst Invt. Mgmt., Texas	6.3	9.6	8.0	5
Interfirst Invt. Mgmt. (Int.), Texas	7.7	12.4	(1)	—
Irving Trust, N.Y.	8.2	9.8	8.2	4
Irwin Union Bank, Ind.	8.1	8.9	6.7	10
Jefferson Trust, Ill.	8.4	12.4	9.9	1
Kellogg Bank, Wis.	8.9	9.3	8.2	4
Key Trust Co., N.Y.	10.8	10.5	8.0	5
Lake Shore Natl., Ill.	11.4	9.2	7.7	7
Landmark First Natl., Fla.	8.4	9.6	(1)	—
Landmark Union Trust, Fla.	8.1	10.8	8.5	3
Liberty Natl., Ky.	8.1	8.8	(1)	—
Lincoln National, Ind.	9.7	9.0	7.9	6
Lloyds Bank, Calif.	12.2	11.0	8.5	3
Long Island Trust, N.Y.	8.5	7.6	(1)	—
Manufacturers Detroit	5.8	10.4	8.4	3
Manufacturers Hanover, N.Y.	5.0	11.7	9.4	1
Manufacturers Life, Ontario	−3.1	(1)	(1)	—
Manufacturers & Trader, N.Y.	8.5	8.5	7.4	8
Marine Bank, Pa.	9.7	(1)	(1)	—
Marine Midland, N.Y.	9.1	8.7	7.4	8
Marine Trust, Wis.	6.7	11.0	7.8	6
Marquette Natl, Minn.	9.6	9.4	8.2	4
Maryland National	7.3	6.6	5.9	10
Maryland National (II)	8.2	9.9	(1)	—
Massachusetts Mutual	8.0	9.9	8.5	3
Mellon Bank, Pa.	7.9	3.6	(1)	—
Mercantile at Dalla	2.4	6.3	6.4	10
Mercantile Sa	6.5	10.2	6.6	2
Mercantile Trust, Mo.	8.9	11.7	9.3	2
Merchants Natl., Ala.	14.1	8.3	7.3	8
Merchants Natl., Iowa	9.6	8.6	(1)	—
Merchants Natl., Ind.	7.4	10.3	8.1	4
Merchants Natl., Pa.	7.7	10.6	(1)	—
Mich. Natl. of Detroit	8.2	8.0	(1)	—
Mich. Natl. of Grand Rapids	8.8	8.7	7.7	7
Midlantic National, N.J.	9.2	9.0	7.7	6
Mid-State Bancorp, Pa.	9.3	11.3	(1)	—
Minnesota Mutual	8.1	9.6	(1)	—
Moline National, Ill.	10.4	9.9	8.2	4
Morgan Guaranty, N.Y.	9.1	9.9	(1)	—
Mutual of N.Y. (priv.)	13.4	(1)	(1)	—
Mutual of N.Y. (pub.)	12.1	9.3	(1)	—
Natl. Bank of Detroit	7.1	9.5	8.1	4
Natl. City Cleveland	5.8	8.3	7.4	8
Natl. of Commerce, Neb.	5.8	7.9	7.3	9
Natl. of Commerce, Tenn.	4.4	(1)	(1)	—
Natl. Westminster, N.Y.	7.8	9.0	7.3	8
New England Mutual, Mass.	5.4	7.2	6.0	10
New Jersey National	5.9	5.6	6.0	10
North Carolina Natl. Bank	8.4	10.7	8.5	3
Northern Central, Pa.	7.4	9.9	(1)	—
Northern Trust, Ill.	7.1	8.7	7.7	6
Norwest Bank, Minn.	8.9	8.5	7.6	7
Ohio Citizens Trust	8.2	10.1	8.4	3
Old Kent, Mich.	9.2	9.0	7.8	6
Old National, Wash.	8.4	8.9	6.9	9
Old Second Natl. (eb), Ill.	8.6	9.4	(1)	—
Old Second Natl. (HR10), Ill.	10.5	10.3	(1)	—
Olympic Bank, Wash.	9.9	10.1	(1)	—
Oregon Bank	8.9	10.9	9.0	2
Ouachita Natl., La.	10.9	9.8	(1)	—
Peoples Trust, Ind.	8.9	9.3	7.5	8
Pioneer Bank,	9.3	(1)	(1)	—
Pittsburgh Natl., Pa.	5.3	10.9	(1)	—
Provident National, Pa.	5.8	9.2	8.0	5
Prudential (VCA 7), N.J.	8.5	8.9	(1)	—
Prudential (VCA 8), N.J.	9.3	(1)	(1)	—
Puget Sound Natl. Wash.	8.1	10.6	8.5	3
Rainier National, Wash.	7.7	7.9	7.0	9
Republic Natl., Dallas	4.8	7.3	6.6	10
Riggs of Washington	11.2	11.9	8.8	2
Seattle First Natl.	3.7	12.6	9.7	1
Seattle Trust	7.1	10.2	(1)	—
Security Natl. Bank, W. Va.	9.9	(1)	(1)	—
Security Pacific (F), Calif.	9.2	(1)	(1)	—
Security Pacific (V), Calif.	17.7	(1)	(1)	—
Security Peoples Trust, Pa.	10.0	11.1	8.5	3
Security Trust, Rochester, N.Y.	9.4	9.1	8.6	2
Shawmut of Boston	6.3	8.3	7.3	8
Shawmut of Boston (Int.)	8.0	(1)	(1)	—
Society Natl., Ohio	11.3	(1)	(1)	—
Southeast Bank, Fla.	9.6	9.5	8.0	5
State Street Bank, Mass.	10.8	9.7	7.8	6
St. Louis County Bank	8.6	10.9	7.9	5
Summit & Elizabeth, N.J.	7.4	10.2	8.4	3
Sun Bank, Fla.	5.1	8.6	(1)	—
Texas Commerce	6.2	13.2	9.3	1
Third Natl. Nashville, Tenn.	6.5	9.2	8.7	2
Toledo Trust	10.0	11.0	7.9	5
Travelers, Conn.	3.2	8.4	(1)	—
Trust Co. of Georgia	6.8	8.9	7.0	9
Unibanctrust, Ill.	9.0	9.7	7.5	8
Union Natl., Wichita, Kan.	7.8	8.6	(1)	—
Union Planters, Tenn.	3.5	10.9	8.2	4
United Missouri, K.C.	8.4	10.4	8.5	3
United of Denver	6.6	10.8	8.4	3
United Virginia Bank	8.4	9.7	8.4	3
US Natl. of Oregon	7.2	7.7	(1)	—
US Trust, N.Y.	5.0	10.3	9.3	2
Valley Natl., Ariz.	7.4	9.2	7.6	7
Virginia Natl.	1.8	6.8	6.6	10
Wachovia Bank, N.C.	4.2	10.2	8.1	4
Wheeling Dollar Bank, W. Va.	7.9	9.4	8.1	5
Wilmington Trust, Del.	−6.0	5.9	6.2	10
LBKL Index	**8.0**	**9.9**	**8.0**	**5**

(1) - Fund too new.
DCR - 10-year decile rank.

Top quartile commingled equity funds

3-month returns

	%
First Union Bank, N.C.	5.8
First Variable Life, Ark.	5.5
Natl. of Commerce, Tenn.	4.5
Lincoln National, Ind.	4.5
Security Natl. Bank, W. Va.	3.7
Bankers Life, Iowa	3.6
Wilmington Trust, Del.	3.4
Natl. Westminster, N.Y.	3.4
Manufacturers & Trader, N.Y.	3.3
Mellon Bank, Pa.	3.0
US Trust, N.Y.	3.0
Colorado Natl. Bank	3.0
Cullen Bank, Texas	2.9
Manufacturers Detroit, Mich.	2.9
Landmark Union Trust, Fla.	2.9
Confederation Life, Ont.	2.6
First of Warsaw, Ind.	2.5
AmSouth, Ala.	2.4
US Natl. of Galveston, Texas	2.3
Mercantile Trust, Mo.	2.3
First of Kenosha, Wis.	2.3
Lincoln Natl., Ind.	2.3
Wheeling Dollar Bank, W. Va.	2.2
First Interstate of Oregon	2.2
Irving Trust, N.Y.	2.2
Centerre Trust, Mo.	2.2
Fidelity Bank, Okla.	2.1
Central Fid., Richmond, Va.	2.1
Citizens Fidelity, Ky.	2.1
Merchants Natl., Pa.	2.0
AmeriTrust, Ohio	1.9
Wachovia Bank, N.C.	1.8
Riggs of Washington	1.8
Massachusetts Mutual	1.8
Provident National, Pa.	1.7
New England Mutual, Mass.	1.7
First Pennsylvania Bank	1.6
Bank of New England, Mass.	1.6
General American, Mo.	1.6
Equitable Life, N.Y.	1.5
Toledo Trust, Ohio	1.5
Lake Shore Natl., Ill.	1.5
First Trust St. Paul, Minn.	1.5
Minnesota Mutual	1.4
Provident Mutual, Pa.	1.4
First Interstate of Nevada	1.4
Greeley Natl., Colo.	1.4
Mutual Benefit, N.J.	1.4
Bank of Delaware	1.4
Boston Safe Deposit, Mass.	1.3
Old Second Natl., Ill.	1.3
Pittsburgh Natl., Pa.	1.2
Jefferson Trust, Ill.	1.2
Central Penn., Pa.	1.2
Mid-State Bancorp., Pa.	1.2
Security Trust, Rochester, N.Y.	1.2
Great West Life Assurance, Man.	1.2
United of Denver, Colo.	1.1
Oregon Bank	1.1
United Virginia Bank	1.1
United Missouri, K.C.	1.0
Old Kent, Mich.	1.0
First of Kansas City, Mo.	1.0
First Citizens, N.C.	1.0
Standard & Poor's 500	**0.4**

1-year returns

	%
Manufacturers Life, Ont.	51.8
First Variable Life, Ark.	44.0
First Union Bank, N.C.	40.1
Provident National, Pa.	35.5
Merchants Natl., Ala.	34.7
Bankers Life, Iowa	34.0
Mercantile Trust, Mo.	33.4
Sun Bank, Fla.	33.3
Seattle Trust, Wash.	33.2
Fidelity Mgmt. Trust, Mass.	32.9
Connecticut Mutual Life	32.8
Bank of New England, Mass.	32.4
American Natl., Chicago	32.2
Minnesota Mutual	32.0
First Wis. Natl., Madison	31.9
First Interstate of Oregon	31.6
United of Denver, Colo.	31.4
Union Central, Ohio	30.8
AmSouth, Ala.	30.1
Mutual Benefit, N.J.	30.0
Natl. of Commerce, Tenn.	29.8
Pioneer Bank, Ill.	29.4
Irving Trust, N.Y.	28.9
Guardian Insurance, N.Y.	28.6
Republic Natl., Dallas	28.3
Texas Commerce	27.5
Mercantile Safe, Md.	27.5
Life of Virginia	27.5
Penn. Mutual Life, Pa.	27.4
Marine Midland, N.Y.	27.3
First of Warsaw, Ind.	27.1
First Merch., Richmond, Va.	26.4
US Natl. of Galveston, Texas	26.4
Mellon Bank, Pa.	26.0
US Natl. of Oregon	25.9
Mercantile Natl., Ind.	25.9
College Ret. Equities Fund	25.1
Manufacturers Detroit	24.9
US Trust, N.Y.	24.9
Cullen Bank, Texas	24.8
AmeriTrust, Ohio	24.6
Bessemer Trust, N.Y.	24.5
Fourth Natl., Tulsa, Okla.	24.4
Massachusetts Mutual	24.2
Chase Manhattan, N.Y.	24.2
Huntington Banks, Ohio	24.1
Resource Bank & Trust, Minn.	23.9
Fidelity Union, N.J.	23.8
Confederation Life, Ont.	23.7
Lake Shore Natl., Ill.	23.7
Bankers Trust, N.Y.	23.7
Security Trust, Rochester, N.Y.	23.5
Chicago Title & Trust	23.4
First of Grand Island, Neb.	23.2
First of Chicago	23.2
First Tennessee Memphis	23.1
Liberty Natl., Ky.	22.9
Morgan Guaranty, N.Y.	22.8
First of Oklahoma	22.6
First Trust, St. Paul, Minn.	22.6
Oregon Bank	22.6
Dauphin Deposit, Pa.	22.6
Standard & Poor's 500	**22.6**

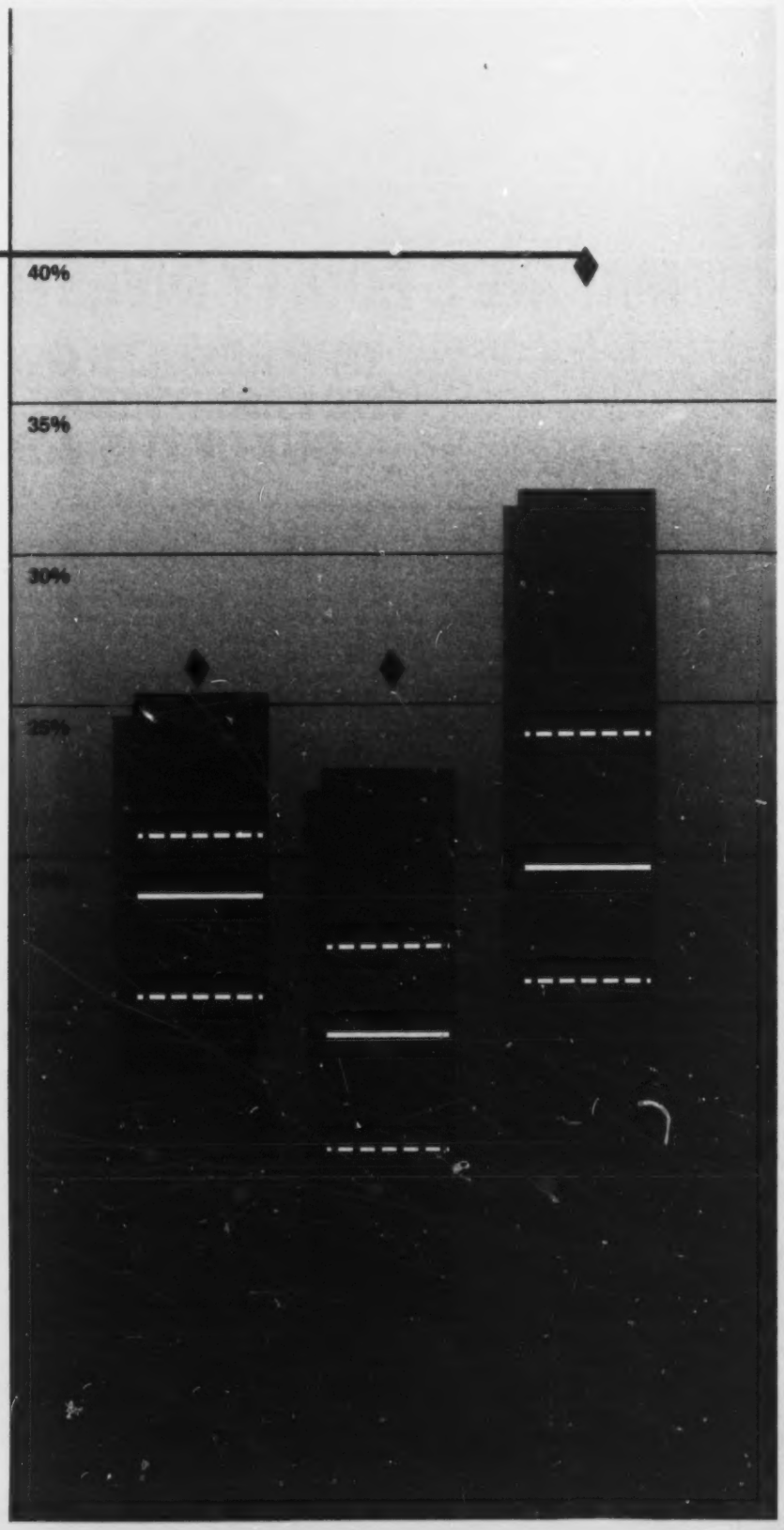
3-year returns

	%
First Variable Life, Ark.	33.1
United of Denver, Colo.	29.6
Manufacturers Life, Ont.	29.4
AmSouth, Ala.	29.0
First Union Bank, N.C.	26.8
Resource Bank & Trust, Minn.	25.6
Sun Bank, Fla.	24.3
First of Oklahoma	22.2
Mutual Benefit, N.J.	22.2
Minnesota Mutual	21.4
American Natl., Chicago	21.4
Connecticut Mutual Life	21.1
First Wis. Natl., Madison	20.7
Huntington Banks, Ohio	20.4
US Natl. of Galveston, Texas	20.4
US Natl. of Oregon	19.9
Employers Life of Wausau, Wis.	19.5
Guardian Insurance, N.Y.	19.5
Seattle Trust, Wash.	19.5
Manufacturers Detroit, Mich.	19.3
Union Central, Ohio	19.3
Provident National, Pa.	19.3
Pioneer Bank, Ill.	19.3
Dauphin Deposit, Pa.	19.3
Massachusetts Mutual	19.1
Lake Shore Natl., Ill.	19.1
First Bank Milwaukee	19.1
Chase Manhattan, N.Y.	19.0
First Interstate of Nevada	18.4
First Tennessee, Chat.	18.1
Confederation Life, Ont.	17.9
Mid-State Bancorp., Pa.	17.9
First Citizens, N.C.	17.9
Wheeling Dollar Bank, W. Va.	17.7
Union Planters, Tenn.	17.6
Society Natl., Ohio	17.5
Merchants Natl., Ala.	17.5
Commonwealth Natl., Ala.	17.4
Fifth Third Bank, Ohio	17.4
United Virginia Bank	17.4
Landmark Union Trust, Fla.	17.4
Colorado Natl. Bank	17.3
Texas Commerce	17.3
Natl. of Commerce, Tenn.	17.3
Philadelphia Life, Pa.	17.2
American Security, D.C.	17.0
First of Warsaw, Ind.	16.7
Bank of Delaware	16.7
State Street Bank, Mass.	16.5
Midlantic National, N.J.	16.4
First Interstate of Oregon	16.3
Boston Safe Deposit, Mass.	16.2
IAA Trust Co., Ill.	16.2
Fourth Natl., Tulsa, Okla.	16.2
First Pennsylvania Bank	16.1
First Tennessee, Memphis	15.8
Security Trust, Rochester, N.Y.	15.6
Bankers Life, Iowa	15.6
First Wisconsin Trust	15.6
Standard & Poor's 500	**12.3**

5-year returns

	%
Manufacturers Life, Ont.	38.7
Employers Life of Wausau, Wis.	27.1
First Union Bank, N.C.	26.8
United of Denver, Colo.	26.4
First of Oklahoma	25.9
Philadelphia Life, Pa.	25.7
Bessemer Trust, N.Y.	25.7
US Natl. of Oregon	25.2
Home Life, N.Y.	24.3
AmSouth, Ala.	24.2
Equitable Life, N.Y.	24.1
Provident National, Pa.	23.8
First Variable Life, Ark.	23.6

First Union Performs.



In fact, we've consistently outperformed 9 out of every 10 investment managers.

Take a look at First Union's performance results in the P.I.P.E.R. Survey. To get our investment team working for you, call Pete Nagle, Vice President, at (704) 374-6152.

FIRST UNION

Take a closer look.℠
1200 First Union Plaza
Charlotte, North Carolina 28288
Member FDIC.

Citizens Chillicothe, Mo.	23.3
Capital Bank-Houston	23.1
First Wis. Natl. Madison	23.0
Texas Commerce	22.6
First Interstate of Nevada	22.6
Confederation Life, Ont.	22.3
First Trust Corp., Conn.	22.2
Sun Bank, Fla.	21.9
Guardian Insurance, N.Y.	21.8
Huntington Banks, Ohio	21.7
Bankers Life, Iowa	21.6
US Natl. of Galveston, Texas	21.5
Wheeling Dollar Bank, W. Va.	21.3
Massachusetts Mutual	21.1
American Natl. Chicago	21.0
Connecticut Mutual Life	20.9
Marine Trust, Wis.	20.8
Rainier National, Wash.	20.6
Penn Mutual Life, Pa.	20.5
Northern Trust, Ill.	20.5
IAA Trust Co., Ill.	20.4
Natl. of Commerce, Neb.	20.3
Mutual Benefit, N.J.	20.2
Sentry Life, Wis.	20.2
California First Bank	20.2
Chase Manhattan, N.Y.	20.2
Natl. City Cleveland	20.2
Unibanctrust, Ill.	20.0
First Natl. of Commerce, La.	20.0
Minnesota Mutual	19.8
Lake Shore Natl., Ill.	19.8
First Tennessee, Memphis	19.8
Manufacturers Detroit	19.8
CIGNA Corp., Conn	19.7
Planters National, N.C.	19.7
Mercantile Safe, Md.	19.7
Landmark Union Trust, Fla.	19.7
Colorado Natl. Bank	19.7
Continental Bank, Pa.	19.6
Citibank, N.Y.	19.6
American Security, D.C.	19.6
Fifth Third Bank, Ohio	19.6
Life of Virginia	19.5
Fourth Natl. Tulsa, Okla.	19.5
Standard & Poor's 500	**17.4**

10-year returns

	%
Manufacturers Life, Ont.	23.8
First Wis. Natl., Madison	20.2
First Variable Life, Ark.	20.0
Philadelphia Life, Pa.	19.5
Guardian Insurance, N.Y.	19.3
Citizens Chillicothe, Mo.	18.5
AmSouth, Ala.	17.4
Bessemer Trust, N.Y.	17.4
Bankers Life, Iowa	16.9
US Natl. of Galveston, Texas	16.9
Confederation Life, Ont.	16.5
US Natl. of Oregon	15.9
First Trust Corp., Conn.	15.7
Employers Life of Wausau, Wis.	15.7
Capital Bank-Houston	14.8
Landmark Union Trust, Fla.	14.7
First of Oklahoma	14.3
Massachusetts Mutual	14.2
First of Kenosha, Wis.	14.2
Natl. of Commerce, Neb.	14.2
Penn Mutual Life, Pa.	13.9
United of Denver, Colo.	13.4
Wheeling Dollar Bank, W. Va.	13.4
Minnesota Mutual	13.3
Fifth Third Bank, Ohio	13.3
Home Life, N.Y.	13.1
First Interstate of Wash.	13.0
Provident National, Pa.	12.9
Life of Virginia	12.9
Equitable Life, N.Y.	12.8
Hibernia National, La.	12.8
First Tennessee, Chat.	12.7
Crown Life, Ont.	12.6
BancTexas Dallas	12.4
Pittsburgh Natl., Pa.	12.3
First Jersey Natl., N.J.	12.3
First Union Bank, N.C.	12.2
Sentry Life, Wis.	12.1
Chicago Title & Trust	12.1
Provident Mutual, Pa.	12.1
Union Central, Ohio	12.1
Security Trust, Rochester, N.Y.	12.0
Texas American Bank	12.0
First Natl. of Commerce, La.	11.9
Bank of Delaware	11.9
First Pennsylvania Bank	11.8
Natl. City Cleveland	11.8
CIGNA Corp., Conn.	11.7
Jefferson Trust, Ill.	11.7
Northern Trust, Ill.	11.7
First Interstate of Oregon	11.7
Standard & Poor's 500	**10.7**

For P.I.P.E.R. subscription information write: P.I.P.E.R., c/o *Pensions & Investment Age*, 740 N. Rush St., Chicago, Ill. 60611.

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Top equity funds by size

1-year returns

Over $100 million

	%
Provident National, Pa.	35.5
Bankers Life, Iowa	34.0
Fidelity Mgmt. Trust, Mass.	32.9
Mutual Benefit, N.J.	30.0
Life of Virginia	27.5
US Natl. of Oregon	25.9
Massachusetts Mutual	24.2
Bankers Trust, N.Y.	23.7
First of Chicago	23.2
Morgan Guaranty, N.Y.	22.2

$50 million to $100 million

	%
First Union Bank, N.C.	40.1
American Natl., Chicago	32.2
AmSouth, Ala.	30.1
Republic Natl., Dallas	28.3
Texas Commerce	27.5
Marine Midland, N.Y.	27.3
Mellon Bank, Pa.	26.0
Manufacturers Detroit	24.9
AmeriTrust, Ohio	24.6
Bessemer Trust, N.Y.	24.5

$10 million to $50 million

	%
Manufacturers Life, Ont.	51.8
First Variable Life, Ark.	44.0
Mercantile Trust, Mo.	33.4
Sun Bank, Fla.	33.3
Seattle Trust, Wash.	33.2
Minnesota Mutual	32.0
First Wis. Natl., Madison	31.9
First Interstate of Oregon	31.6
United of Denver	31.4
Guardian Insurance, N.Y.	28.6

Under $10 million

	%
Merchants Natl., Ala.	34.7
Connecticut Mutual Life	32.8
Bank of New England	32.4
Union Central, Ohio	30.8
Pioneer Bank, Ill.	29.4
Irving Trust, N.Y.	28.9
First of Warsaw, Ind.	27.1
Mercantile Natl., Ind.	25.9
Huntington Banks, Ohio	24.1
Confederation Life, Ont.	23.7

10-year returns

Over $100 million

	%
Bankers Life, Iowa	16.9
US Natl. of Oregon	15.9
Massachusetts Mutual	14.2
Provident National, Pa.	12.9
Life of Virginia	12.9
Equitable Life, N.Y.	12.8
Natl. City Cleveland	11.8
CIGNA Corp., Conn.	11.7
Mutual Benefit, N.J.	11.3
Travelers, Conn.	10.8

$50 million to $100 million

	%
AmSouth, Ala.	17.4
Bessemer Trust, N.Y.	17.4
Hibernia National, La.	12.8
First Union Bank, N.C.	12.2
Sentry Life, Wis.	12.1
First Pennsylvania Bank	11.8
Manufacturers Detroit	11.6
AmeriTrust, Ohio	10.6
Pacific Mutual, Calif.	10.6
First City Natl., Houston	10.5

$10 million to $50 million

	%
Manufacturers Life, Ont.	23.8
First Wis. Natl., Madison	20.2
First Variable Life, Ark.	20.0
Philadelphia Life, Pa.	19.5
Guardian Insurance, N.Y.	19.3
Citizens Chillicothe, Mo.	18.5
US Natl. of Galveston	16.9
First Trust Corp., Conn.	15.7
Employers Life of Wausau	15.7
Landmark Union Trust, Fla.	14.7

Under $10 million

	%
Confederation Life, Ont.	16.5
Capital Bank-Houston	14.8
Wheeling Dollar Bank, W.Va.	13.4
First Tennessee Chat.	12.7
BancTexas Dallas	12.4
Pittsburgh Natl., Pa.	12.3
Provident Mutual, Pa.	12.1
Union Central, Ohio	12.1
First Natl. of Commerce, La.	11.9
Connecticut Mutual Life	11.0

40%

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*Source, A.G. Becker Funds Evaluation Service, Sept. 30, 1983.

Top fixed funds by size

1-year returns

Over $100 million

	%
CIGNA Corp., Conn.	9.6
Prudential, N.J.	9.3
Morgan Guaranty, N.Y.	9.1
Citibank, N.Y.	9.0
Prudential, N.J.	8.5
Irving Trust, N.Y.	8.2
Comerica Bank, Mich.	7.9
First of Chicago	7.7
Natl. Bank of Detroit	7.1
American Security, D.C.	6.9

$50 million to $100 million

	%
Mutual of N.Y.	12.1
Marine Midland, N.Y.	9.1
Norwest Bank, Minn.	8.9
First Union Bank, N.C.	8.6
North Carolina Natl. Bank	8.4
Interfirst Invt. Mgmt., Texas	7.7
Northern Trust, Ill.	7.1
Hibernia National, La.	7.1
First of Minneapolis	6.9
Girard Bank, Pa.	6.7

$10 million to $50 million

	%
Security Pacific, Calif.	17.7
First Natl. Jackson, Miss.	12.8
Lloyds Bank, Calif.	12.2
Riggs of Washington	11.2
First Interstate of Calif.	10.9
Ouachita Natl., La.	10.9
State Street Bank, Mass.	10.8
First Merch. Richmond, Va.	10.5
Moline National, Ill.	10.4
Cullen Bank, Texas	10.3

Under $10 million

	%
First Variable Life, Ark.	17.0
Merchants Natl., Ala.	14.1
Mutual of N.Y.	13.4
Central Fid. Lynchburg, Va.	12.6
First of Neenah, Wis.	11.8
Lake Shore Natl., Ill.	11.4
Beverly Bank, Ill.	11.4
Society Natl., Ohio	11.3
Gary Wheaton Bank, Ill.	11.0
Key Trust Co., N.Y.	10.8

10-year returns

Over $100 million

	%
American Security, D.C.	11.0
Manufacturers Hanover, N.Y.	9.4
Texas Commerce	9.4
US Trust, N.Y.	9.3
CIGNA Corp., Conn.	9.3
Centerre Trust, Mo.	9.1
Irving Trust, N.Y.	8.1
Citibank, N.Y.	8.1
Wachovia Bank, N.C.	8.1
Natl. Bank of Detroit	8.1

$50 million to $100 million

	%
Hibernia National, La.	10.4
Fidelity Bank, Pa.	9.7
North Carolina Natl. Bank	8.5
Bankers Trust, N.Y.	8.3
First Union Bank, N.C.	7.9
First Pennsylvania Bank	7.9
Comerica Bank, Mich.	7.9
Northern Trust, Ill.	7.7
Girard Bank, Pa.	7.7
First of Minneapolis	7.6

$10 million to $50 million

	%
First Merch. Richmond, Va.	10.2
Commerce Union, Tenn.	10.1
Fourth Natl. Wichita, Kan.	10.1
Jefferson Trust, Ill.	9.9
Seattle First Natl., Wash.	9.7
First Jersey Natl., N.J.	9.6
Cullen Bank, Texas	9.3
Fidelity Union, N.J.	9.3
Mercantile Trust, Mo.	9.3
Bankers Trust, N.Y.	9.1

Under $10 million

	%
Allied Bank, Texas	9.6
California First Bank	9.6
Beverly Bank, Ill.	9.3
First of Neenah, Wis.	9.3
Oregon Bank	9.0
Security Trust, Rochester	8.6
First of Penna. Erie, Pa.	8.5
Security Peoples Trust, Pa.	8.5
Puget Sound Natl., Wash.	8.5
Ohio Citizens Trust	8.5

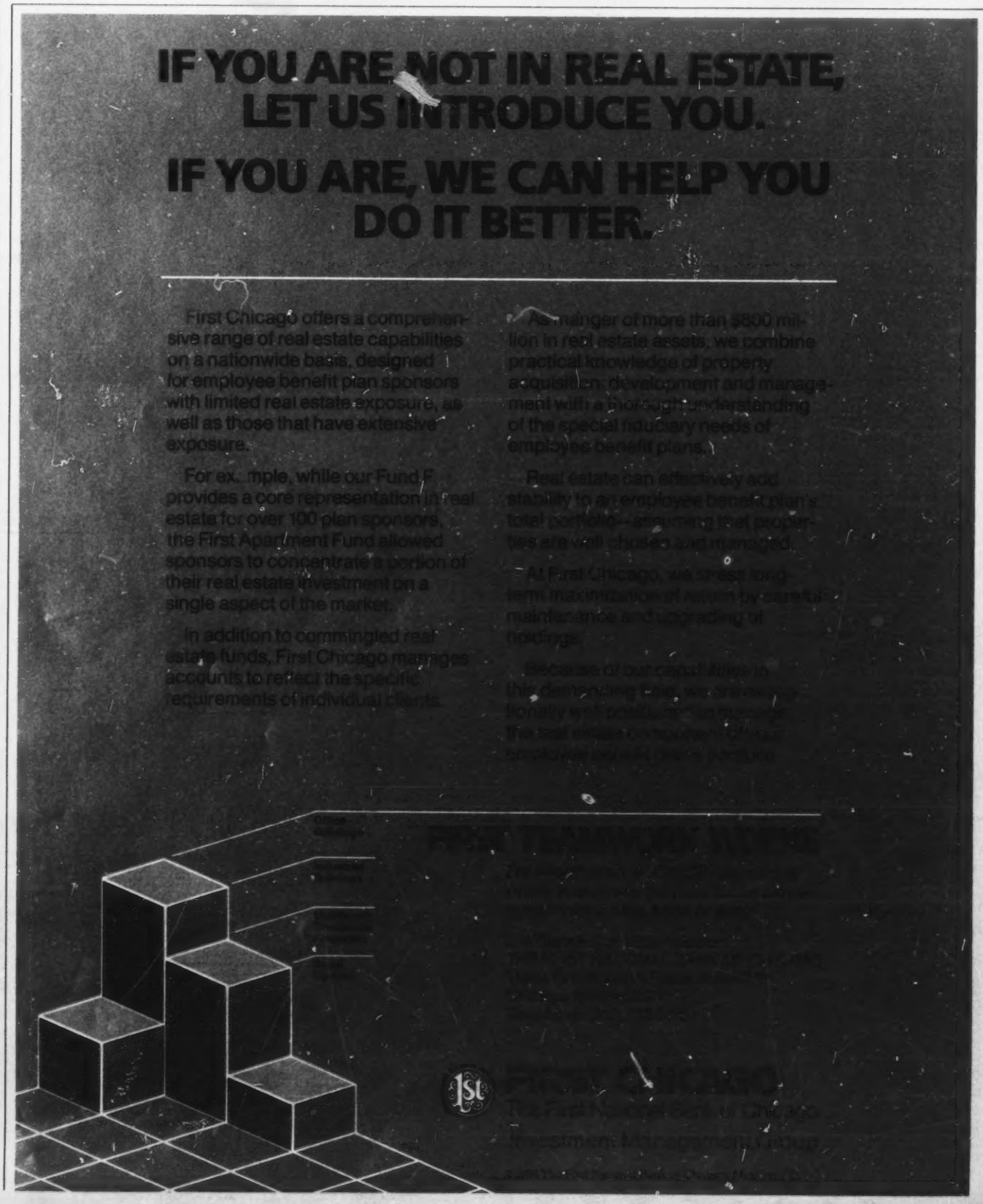
Top quartile commingled fixed-income funds

3-month returns

	%
Landmark First Natl., Fla.	4.4
Mutual of N.Y.	3.2
Southeast Bank, Fla.	3.0
First Natl. Jackson, Miss.	2.8
IAA Trust Co, Ill	2.7
Pioneer Bank, Ill.	2.6
Mutual of N.Y.	2.6
First of Oklahoma	2.6
Lincoln National, Ind.	2.6
City Trust, N.J.	2.5
Olympic Bank, Wash.	2.5
Heritage Trust, Wis.	2.5
Bank of New York	2.5
Lake Shore Natl., Ill.	2.5
Ouachita Natl., La.	2.5
Toledo Trust, Ohio	2.4
Jefferson Trust, Ill.	2.4
Greeley Natl., Colo.	2.4
AmSouth, Ala.	2.4
First of Neenah (M), Wis.	2.4
St. Louis County Bank, Mo.	2.3
Prudential, N.J.	2.3
Merchants Natl., Ala.	2.3
First Kentucky Trust	2.3
First Interstate of Nevada	2.3
Interfirst Invt. Mgmt., Texas	2.3
State Street Bank, Mass.	2.3
First of Elgin, Ill.	2.3
Marine Trust, Wis.	2.3
American Natl. Chicago	2.3
First Interstate of Calif.	2.3
AmeriTrust, Ohio	2.2
American Fletcher, Ind.	2.2
Old Kent, Mich.	2.2
Continental Bank, Pa.	2.2
Mich. Natl. of Grand Rapids	2.2
First Interstate of Oregon	2.2
Merchants Natl. Iowa	2.2
Mercantile Trust, Mo.	2.2
Central Fid. Lynchburg, Va.	2.2
First of Grand Island, Neb.	2.2
Prudential, N.J.	2.2
First of Warsaw, Ind.	2.2
American Fletcher, Ind.	2.2
Colonial Am. Natl., Va.	2.2
Fourth Natl., Tulsa, Okla.	2.1
Florida National Bank	2.1
First Natl. State, N.J.	2.1
First Citizens, N.C.	2.1
Security Pacific, Calif.	2.1
First City Dallas, Texas	2.1
Morgan Guaranty, N.Y.	2.1
First Union Bank, N.C.	2.1
First of Cincinnati	2.1
Marine Bank, Pa.	2.1
Midlantic National, N.J.	2.1
First of Penna, Erie, Pa.	2.1
First of Minneapolis	2.1
Central Fid. Richmond, Va	2.1
Mid-State Bancorp., Pa.	2.1
Oregon Bank	2.1
LBKL Index	**−0.1**

1-year returns

	%
Security Pacific, Calif	17.7
First Variable Life, Ariz.	17.0
Merchants Natl., Ala.	14.1
Mutual of N.Y.	13.4
First Natl., Jackson, Miss.	12.8
Central Fid., Lynchburg, Va.	12.6
Lloyds Bank, Calif.	12.2
Mutual of N.Y.	12.1
First of Neenah (M), Wis.	11.8
Lake Shore Natl., Ill.	11.4
Beverly Bank, Ill.	11.4
Society Natl., Ohio	11.3
Riggs of Washington	11.2
Gary Wheaton Bank, Ill.	11.0
First Interstate of Calif.	10.9
Ouachita Natl., La.	10.9
Key Trust Co., N.Y.	10.8
State Street Bank, Mass.	10.8
California First Bank	10.6
First Merch., Richmond, Va.	10.5
Old Second Natl., Ill.	10.5
Moline National, Ill.	10.4
First Natl. State, N.J.	10.3
Cullen Bank, Texas	10.3
Central Penn., Pa.	10.2
IAA Trust Co., Ill.	10.2
Hamilton Bank, Pa.	10.2
First of Grand Island, Neb.	10.2
First Citizens, N.C.	10.1
Toledo Trust, Ohio	10.0
Security Peoples Trust, Pa.	10.0
Security Natl. Bank, W. Va	9.9
Olympic Bank, Wash.	9.9
First of Warsaw, Ind.	9.7
Fourth Natl., Tulsa, Okla.	9.7
Lincoln National, Ind.	9.7



City Trust, N.J.	9.7
Marine Bank, Pa.	9.7
Marquette Natl., Minn.	9.6
Merchants Natl., Iowa	9.6
Southeast Bank, Fla.	9.6
CIGNA Corp, Conn.	9.6
First Wis. Natl., Madison	9.5
Security Trust, Rochester, N.Y.	9.4
Central Fid. Richmond, Va.	9.4
Pioneer Bank, Ill.	9.3
First of Penna., Erie, Pa.	9.3
Equibank, Pa.	9.3
Mid-State Bancorp, Pa.	9.3
Prudential, N.J.	9.3
First Interstate of Nevada	9.3
Security Pacific, Calif.	9.2
Heritage Trust, Wis.	9.2
Midlantic National, N.J.	9.2
Old Kent, Mich.	9.2
Bank of Oklahoma	9.1
Morgan Guaranty, N.Y.	9.1
Marine Midland, N.Y.	9.1
First Kentucky Trust	9.1
Colonial Am. Natl., Va.	9.1
LBKL Index	**-8.0**

3-year returns

	%
First Merch. Richmond, Va.	18.5
First Variable Life, Ariz.	17.7
Cullen Bank, Texas	17.7
Mutual of N.Y.	17.6
First Kentucky Trust	17.6
Allied Bank, Texas	17.3
Lloyds Bank, Calif.	17.0
Marine Trust, Wis.	16.8
Security Peoples Trust, Pa.	16.7
Marine Midland, N.Y.	16.6
Girard Bank, Pa.	16.6
Ohio Citizens Trust	16.5
Union Planters, Tenn.	16.5
Bankers Trust, N.Y.	16.5
State Street Bank, Mass.	16.4
First Natl. State, N.J.	16.3
Fidelity Bank, Pa.	16.3
American Security, D.C.	16.3
First Wis. Natl., Madison	16.3
First of Warsaw, Ind.	16.2
Pioneer Bank, Ill.	16.2
Seattle First Natl., Wash.	16.2
Central Natl., Cleveland	16.2
Central Fid., Lynchburg, Va.	16.1
Commerce Union, Tenn.	16.1
Beverly Bank, Ill.	16.1
Fidelity Union, N.J.	16.1
Mercantile Trust, Mo.	16.0
Colonial Am. Natl., Va.	16.0
Citibank, N.Y.	16.0
First Interstate of Calif.	16.0
Riggs of Washington	15.9
Toledo Trust, Ohio	15.9
Society Natl., Ohio	15.9
Connecticut National Bank	15.9
Wheeling Dollar Bank, W. Va.	15.8
Crocker National, Calif.	15.7
First of Neenah (M), Wis.	15.7
Bank of New England, Mass.	15.6
First Bank Milwaukee	15.6
Key Trust Co., N.Y.	15.5
Mutual of N.Y.	15.5
Landmark Union Trust, Fla.	15.5
Genesee Merchants, Mich.	15.5
Central Penn., Pa.	15.5
Moline National, Ill.	15.5
American Natl. Chicago	15.4
Wachovia Bank, N.C.	15.4
First Natl. of Commerce, La.	15.3
Hamilton Bank, Pa.	15.3
Lincoln National, Ind.	15.3
Centerre Trust, Mo.	15.3
Morgan Guaranty, N.Y.	15.3
Peoples Trust, Ind.	15.3
Maryland National	15.2
United of Denver, Colo.	15.2
Bank of New York	15.2
Gary Wheaton Bank, Ill.	15.2
Irving Trust, N.Y.	15.2
LBKL Index	**15.0**

The master trust issue runs May 28.

5-year returns

	%
Fourth Natl., Wichita, Kan.	13.3
Texas Commerce	13.2
First Merch., Richmond, Va.	13.0
AmeriTrust, Ohio	12.7
Seattle First Natl., Wash.	12.6
Allied Bank, Texas	12.4
First Variable Life, Ark.	12.4
Interfirst Invt. Mgmt., Texas	12.4
Cullen Bank, Texas	12.4
Jefferson Trust, Ill.	12.4
Beverly Bank, Ill.	12.4
Hibernia National, La.	12.2
First Jersey Natl., N.J.	11.9
Fidelity Bank, Pa.	11.9
Riggs of Washington	11.9
First of Kansas City, Mo.	11.8
Manufacturers Hanover, N.Y.	11.7
Bank of New England, Mass.	11.7
Mercantile Trust, Mo.	11.7
American Security, D.C.	11.6
Bankers Trust, N.Y.	11.6
Fidelity Union, N.J.	11.5
First of Penna., Erie, Pa.	11.5
Commerce Union, Tenn.	11.5
Boatmen's National, Mo.	11.5
First Kentucky Trust	11.4
Mid-State Bancorp., Pa.	11.3
American Natl., Austin, Texas	11.3
First Interstate of Calif.	11.2
Security Peoples Trust, Pa.	11.1
First of Neenah (IT), Wis.	11.1
American Natl., Chicago	11.0
Lloyds Bank, Calif.	11.0
Marine Trust, Wis.	11.0
First Wis. Natl., Madison	11.0
First of Neenah (M), Wis.	11.0
Centerre Trust, Mo.	11.0
First of Neenah, Wis.	11.0
Toledo Trust, Ohio	11.0
St. Louis County Bank, Mo.	11.0
First Bank Milwaukee, Wis.	10.9
Oregon Bank	10.9
Pittsburgh Natl., Pa.	10.9
Union Planters, Tenn.	10.9
United of Denver	10.9
Landmark Union Trust, Fla.	10.8
First of Warsaw, Ind.	10.8
Central Fid., Lynchburg, Va.	10.8
BancTexas, Dallas	10.7
North Carolina Natl. Bank	10.7
Puget Sound Natl., Wash.	10.6
Merchants Natl., Pa.	10.6
Gary Wheaton Bank, Ill.	10.6
Hamilton Bank, Pa.	10.6
First of Elgin, Ill.	10.6
First Natl. of Commerce, La.	10.6
LBKL Index	**9.9**

10-year returns

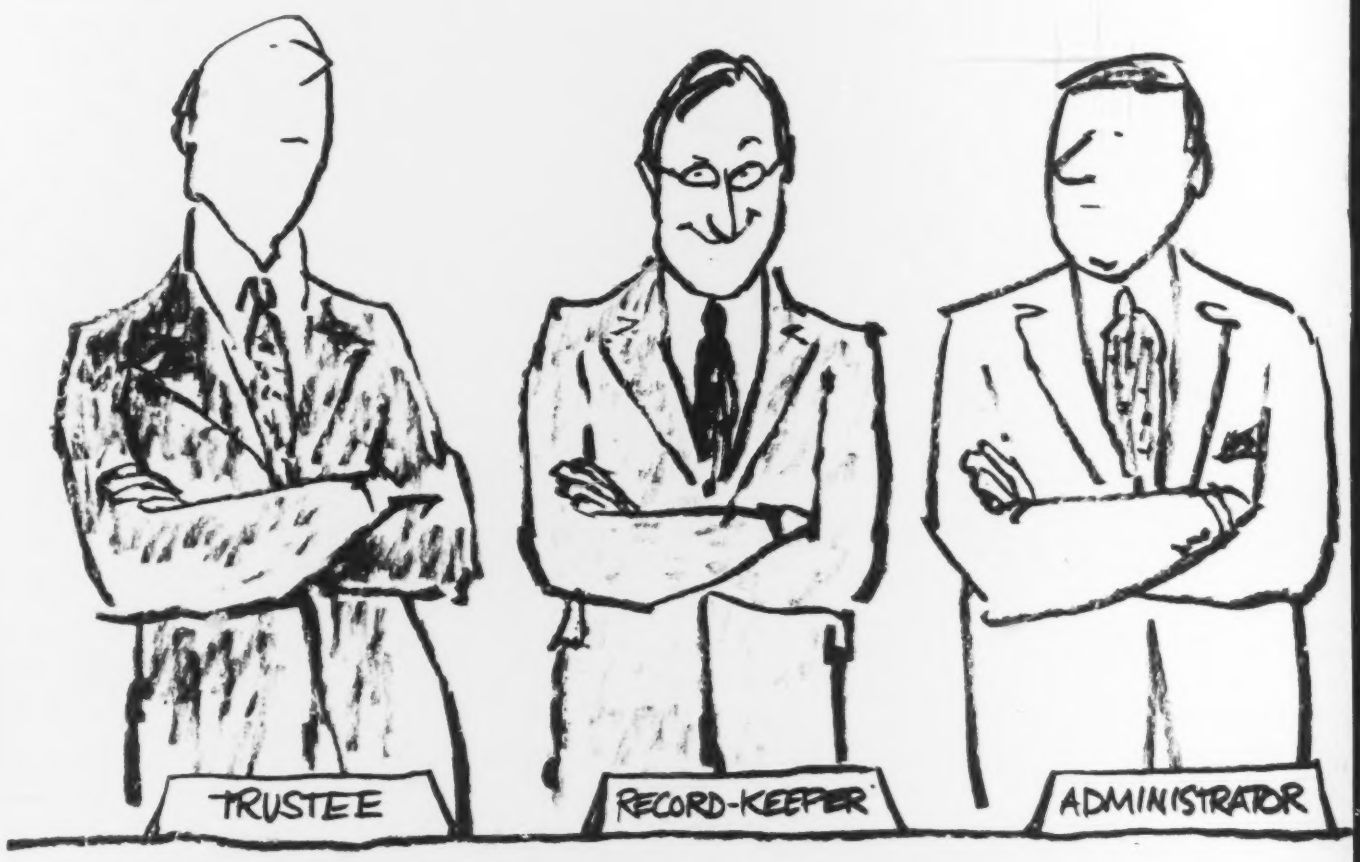
	%
American Security, D.C.	11.0
Hibernia National, La.	10.4
First Merch., Richmond, Va.	10.2
Commerce Union, Tenn.	10.1
Fourth Natl., Wichita, Kan.	10.1
Jefferson Trust, Ill.	9.9
Seattle First Natl., Wash.	9.7
Fidelity Bank, Pa.	9.7
First Jersey Natl., N.J.	9.6
Allied Bank, Texas	9.6
California First Bank	9.6
Manufacturers Hanover, N.Y.	9.4
Texas Commerce	9.4
Cullen Bank, Texas	9.3
Beverly Bank, Ill.	9.3
First of Neenah, Wis.	9.3
US Trust, N.Y.	9.3
Fidelity Union, N.J.	9.3
Mercantile Trust, Mo.	9.3

DIVIDENDS EACH YEAR SINCE 1912

The Board of Directors of ENSERCH Corporation on January 26, 1984, declared a regular quarterly dividend of 40 cents per share of common stock, payable March 5, 1984, to shareholders of record February 17, 1984.

For additional information, please write to Benjamin A. Brown, Vice President, Financial Relations, Dept. H, ENSERCH Center, Box 999, Dallas, Texas 75221.

ENSERCH CORPORATION



All you need when you need them all...

CIGNA Corp., Conn.	9.3
Centerre Trust, Mo.	9.1
Bankers Trust, N.Y.	9.1
First Interstate of Calif.	9.1
Oregon Bank	9.0
First Kentucky Trust	8.8
First Wis. Natl., Madison	8.8
Riggs of Washington	8.8
Third Natl., Nashville, Tenn	8.7
American Natl. Chicago	8.7
Mercantile Safe, Md.	8.6
Security Trust, Rochester, N.Y.	8.6
First of Penna., Erie, Pa.	8.5
Massachusetts Mutual	8.5
Security Peoples Trust, Pa.	8.5
Puget Sound Natl., Wash.	8.5
United Missouri, K.C.	8.5
Lloyds Bank, Calif.	8.5
Landmark Union Trust, Fla.	8.5
North Carolina Natl. Bank	8.5
Ohio Citizens Trust	8.5
LBKL Index	**10.6**

Pensions & Investment Age's *annual directory of investment advisers will be in the April 30 issue.*

Advisers back to basics in slack bond . . .

Continued from page 17

structure our fixed-income accounts," Mr. Wilson explained.

This year, he said, "I think interest rates will come down a little from today's levels during the first half. Long Treasuries will go to 11% or possibly 10.5%.

"Third quarter we'll start to see them trending upward," he reasoned, partly from private loan demand picking up and becoming a problem.

To cope with this scenario, Mr. Wilson explained, "We've taken some money out of the market and shortened maturities."

But he added, "We haven't gone into a really defensive posture yet, and when we do, we'll be selling more bonds and investing the proceeds in shorter maturities or cash equivalents."

For the three years ended Dec. 31, the former First & Merchant's Bank, which is now the Sovran Bank of Richmond, Va., emerged the champion with an 18.5% compound annual return.

The commingled fund, which totals about $20 million, took third place for the five and 10 years ended Dec.31, with returns of 13% and 10.2% respectively.

P.I.P.E.R.

William Schultz, the bank vice president who manages the fund for Sovran, said, "We're somewhat negative on the market for 1984. Interest rates will gradually increase as we go on and inflation along with it.

"Given this overall environment, we've looked for sectors that are defensive in nature.

"We've used high-coupon telephone bonds, which are trading on a yield to call basis. We've also used some new collateralized mortgage obligations backed by GNMA, and some select intermediate corporates with seven- to 10-year maturities which run the gamut on ratings," Mr. Schultz said.

Sovran manages $3 billion in total assets, and pension assets account for about $750 million of that amount.

Other members of the winner's circle for the three-year period were: First Variable Life and Cullen Bank of Houston, Texas, each with 17.7% returns, and MONY and First Kentucky Trust, each with 17.6%.

The median fund gained 14.3% for the period.

For the five years, Fourth National Bank of Wichita, Kan., took first place with a compound annual return of 13.3%.

Sharing the limelight were Texas Commerce Bank, with 13.2%; First & Merchant's (Sovran Bank); AmeriTrust, 12.7%; and Seattle First National Bank, 12.6%. The median fund for the five-year period had a 9.7% return on investment.

American Security in Washington, D.C., was the top fund for the long haul, coming in first for the 10-year period with a compound annual return of 11%.

Hibernia National Bank was second with a 10.4% return. First & Merch_nt's (Sovran) was third and Commerce Union and Fourth National of Wichita shared fourth place at 10.1%. The median fund for the same period saw a return of 7.9%. ■

Additional coverage

In addition to this extract of the annual, and fourth quarter P.I.P.E.R. results, *Pensions & Investment Age* has scheduled quarterly P.I.P.E.R. coverage and extracts on the following dates:

May 14 — first quarter
Aug. 20 — second quarter
Nov. 12 — third quarter

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Rulings conflict on asset use in takeovers

Fiduciary held liable for risk to fund

By Joel Chernoff

CHICAGO — Businessman Clyde Engle will have to pay damages to a profit-sharing fund for forcing it to invest in three companies he sought to control — even though the fund racked up a 72% gain in two years from the investments, the 7th U.S. Circuit Court of Appeals has ruled.

The decision in Leigh vs. Engle came as a victory for the U.S. Department of Labor, which had filed a friend-of-the-court brief in the case. The ruling reversed a lower court decision.

The Labor Department is taking a hard line on corporations using plan assets in acquiring other companies or, where the fund owns company stock, forbidding tending the stock in hostile takeover bids.

However, the ruling is at odds with a later decision by the U.S. District Court for the Eastern District of New York. That court threw out the Labor Department's claim for damages against trustees of the Grumman Corp. for forcing its pension fund to buy up company stock at an inflated price to help fend off a takeover bid by LTV Corp.

But the appeals court, whose decision affects jurisdictions in Indiana, Illinois and Wisconsin, saw the issue differently. "ERISA clearly contemplates actions against fiduciaries who profit by using trust assets, even where the plan beneficiaries do not suffer direct financial loss," it ruled.

At issue is not whether the fund incurred losses, but "the *risking* (judges' emphasis) of the trust's assets at least in part to aid the defendants in their acquisition program," the court continued.

Furthermore, the beneficiaries are entitled to a share of the profits gained by the fiduciaries from investing in the same companies. The amount of damages will be based on how much of the fiduciaries' profits are partially or totally attributable to the trust investments.

The appeals court sent the case back to a lower court to determine the level of damages, placing the burden on the fiduciaries for showing how much of their profits were

Continued on page 43

Damages claim against Grumman trustees dismissed

By Richard J. Gillespie

UNIONDALE, N.Y. — Ruling that Grumman Corp.'s pension fund suffered no loss from trustees' actions while fending off a takeover attempt by The LTV Corp., a U.S. District Court judge here dismissed a claim for damages against three Grumman executives by the Department of Labor.

At the same time, Judge Jacob Mishler dismissed a similar claim brought by a member of the plan, Robert J. Lawrence, against the executives and trustees: John Bierwirth, chairman and chief executive officer; Robert Freese, senior vice president; and Carl Paladino, senior vice president of Grumman Aerospace.

The case arose from Grumman's successful efforts to fight off the attempted takeover by LTV in October 1981. The trustees of the Grumman plan refused to tender the plan's Grumman stock to LTV, but bought more of the stock at $38.34 a share when the market price before the LTV offer was much lower.

The Labor Department sued the trustees for breach of fiduciary duty and claimed the defendants had caused the plan to suffer a loss in excess of $20 million.

In his six-page opinion, Judge Mishler ruled the pension fund did not suffer any loss as a result of the trustees' actions, and that therefore, the trustees had no liability to make the plan whole.

(In a contradictory opinion, the 7th U.S. Circuit Court of Appeals ruled that although a plan had enjoyed a 72% gain as the result of purchases of companies targeted for takeover, the defendant was liable to pay damages because of the risk to the plan.

Judge Mishler lifted the injunction brought against the Grumman trustees that had prevented them from further plan dealings in company stock.

Grumman's shares were trading at less than $25 per share immediately prior to LTV's tender offer, announced in October 1981. The Grumman plan purchased about 1.16 million shares of Grumman at an average price of $38.34 per share.

After hearing expert testimony last December, the court agreed the fund suffered an immediate loss of more than $18.6 million as a result of the purchase of Grumman shares.

"That finding, however, does not decide the issue of defendants' liability," stated Judge Mishler.

Citing trust law, he said the obligation of the trustees was to make the plan "whole."

"To make the plan 'whole,' the trustees were required to return the purchase price of the shares of stock, and the loss of investment income, during the period from Oct. 12, 1981, to March 10, 1983," he ruled.

"The net proceeds of the sale of stock and the dividends earned exceeded the 'potential loss.' The trustees' breach did not result in a loss."

Further, Judge Mishler said, "The plaintiff could have exercised his choice and disaffirmed the purchase and demanded the return of purchase price.

"By his failure, the plan has profited."

"The plaintiff's theory would establish a basis for damages if the stock were sold for less than the purchase price of $38.34 per share. The loss would then be the differ-

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Warburg Pincus fund faces Icahn challenge

By Kimberly Blanton

NEW YORK — Warburg Pincus Capital Partners, a partnership of pension funds and other investors, might be forced into competitive bidding against Carl C. Icahn to carry out its planned purchase of ACF Industries Inc.

On Jan. 25, ACF, a New York manufacturer of specialty railroad cars and oil-fuel equipment, announced a tentative agreement to be acquired by Warburg Pincus' partnership for $50 a share, or $420 million.

That pension fund money would be used to purchase ACF was confirmed by one of the pension investors in the partnership. Warburg Pincus would not return repeated telephone calls.

A Securities and Exchange Commission 13-D filing Feb. 25, however, indicates Mr. Icahn is preparing a second bid for ACF that will challenge the agreement with Warburg Pincus. "The registrants are continuing in their efforts to secure financing for an offer to acquire (ACF)," the SEC filing states.

In the filing, Mr. Icahn and Cooper Industries reportedly agreed that Cooper Industries would buy ACF's W-K-M division if Mr. Icahn acquired ACF.

Mr. Icahn, a renowned Wall Street investor, owns 27.2% of ACF's 8.4 million shares of common stock outstanding, and had bid $31 a share for the company last fall.

On Sept. 28, ACF and Mr. Icahn reached a deadlock agreement, which gave ACF seven months to find another buyer. Mr. Icahn retained the option to counter any offer.

ACF also agreed it would not bring a buyer's offer up for shareholder vote until 90 days after announcing it had found a

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ARCO deepens well of private placements

By Joel Chernoff

LOS ANGELES — The Atlantic Richfield Co. pension fund is drilling for profits in the private placement market.

ARCO is one of a relative handful of U.S. pension funds in the private placement field. The fund has a quarter of its $650 million in fixed-income assets in a private placement portfolio, said David Hemstreet, the fund's private placement specialist.

The portfolio, started 6½ years ago by Camron Cooper, now the company's treasurer, was set up to provide the pension fund with incremental returns above those available from bonds, Mr. Hemstreet explained.

The private placement portfolio also reduces volatility for the fund's fixed-income assets, he said, because the assets are marked at book value instead of market value.

While returns promise to be better than in the public credit markets, the work is more detailed, involving Mr. Hemstreet in intricate financing negotiations.

"It's a little different from buying Treasury bonds," Mr. Hemstreet observed.

He started out in ARCO's treasury group as financing manager in 1972. There, he arranged leveraged-lease financings involving tankers and other properties and, thus, was well-suited for running the private placement portfolio.

The portfolio has become increasingly adventurous as it has gained experience in the private placement market. While it was originally limited to AAA rated foreign companies and A rated domestic companies, the portfolio now will look as low as a strong B rating on U.S. firms and AA on foreign ones.

AtlanticRichfieldCompany

The overall quality of the portfolio is AA minus.

For the past year, the portfolio has been seeking out deals with equity kickers to provide yet greater potential returns, Mr. Hemstreet said. However, he would not release names of firms in which he has invested.

"Essentially, we saw the portfolio leveling off in terms of size . . . and we were seeking out additional yield by virtue of focusing on private convertible notes and convertible debentures," he said. ARCO expects the portfolio to remain at 7.5% to 9% of total assets, he added.

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Late news

Arizona fund overhaul

PHOENIX, Ariz. — The Arizona State Retirement System has fired two managers and hired three in a revamping affecting $1.36 billion of its $3.1 billion fund, according to Max Sullivan, the system's director.

Acting on the advice of two consultants, SEI-Funds Evaluation and the E.F. Hutton Consulting Group, the investment advisory board dropped the equity and balanced accounts of its longest standing manager, Valley National Bank, which were reported to be worth more than $600 million.

But the system boosted, by an unknown amount, a mortgage investment account with Valley National.

The system axed a balanced account with Alliance Capital Management Corp., reported to be worth more than $300 million.

At the same time, Bernstein-Macaulay Inc. was dropped from two of its three Arizona accounts (balanced and fixed-income). But the trustees doubled the fund's exposure to Bernstein-Macaulay's Volatility Capture fund, an account now estimated at $200 million.

After screening 72 firms, the system hired three new balanced managers, each of which will receive more than $300 million in assets, Mr. Sullivan said: Criterion Investment Management of Hous-

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Fund covers massive trade

By Steve Hemmerick

SANTA MONICA, Calif. — The stock market was kept in the dark on the trading of 59 million shares of stock needed to build the Minnesota State Board of Investment's new $1.3 billion index fund, according to Wayne Wagner, a vice president with Wilshire Associates.

Mr. Wagner, responsible for management of the fund, said safeguards were taken to prevent "other agents" from using trading information in the stock or options markets that could have driven up transaction costs for the Minnesota fund.

Last year, the Minnesota board staff came under criticism for liquidating a $500 million stock portfolio for active management (*Pensions & Investment Age*, March 21).

Reportedly, the staff had liquidated such a huge portion of the $500 million portfolio in one day that it drove market prices down significantly in some stocks.

The cash from the stock sale then was turned over in such a way to the newly hired equity managers that the managers bought into a rising market that they, in part, created.

Selling into a down market, or buying into a rising market, makes trading more expensive.

A spokesman for the board disputed the criticism, saying the charges weren't true.

In any case, Mr. Wagner said the index fund, which will track the Wilshire 5,000 index rather than the Standard & Poor's 500 stock index, was put together with "an absolute minimum in execution costs."

Costs were kept low primarily by not letting the market know ahead of time what Wilshire was doing. This was achieved by transferring risks to brokerage firms and by camouflaging trading moves.

Mr. Wagner outlined the transaction process, which he said was protected from "leaks of information."

In nine weeks, he said, 26 million shares worth $1 billion were sold. Proceeds of the sales then were invested in 33 million shares of more than 900 new companies. Although the Wil-

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Holds to deregulatory path

Monks urges new pooled investments

By Joel Chernoff

WASHINGTON — U.S. pension administrator Robert A.G. Monks is urging the nation's investment bankers to develop pooled vehicles in venture capital, real estate and oil and gas to channel pension fund assets toward new enterprises.

Speaking at a conference on employee benefits law sponsored by the Bureau of National Affairs, Mr. Monks strongly hinted that to help the growth of creative vehicles, he will provide a "safe harbor" for pension fund investments in pooled vehicles. In addition, he suggested "new modes of compensation" for pension plan trustees to encourage them to invest in these other vehicles.

In his speech, the former head of The Boston Co. provided further proof that he is bent on continuing the deregulatory policies of his predecessors.

Mr. Monks noted the Employee Retirement Income Security Act liberated trustees from traditional trust law strictures, and is crucial in developing the U.S. economy.

"It may be fair to suggest that ERISA may determine the future of America's free-market economy," he said.

However, Mr. Monks added, "The marketplace has been slow to recognize the potential that ERISA represents.

"Understanding the liberating mechanisms of ERISA should stimulate financiers and industrialists to healthy development of the economy."

Pooled vehicles provide the opportunity for pension funds to invest in non-conventional areas, he said, citing the "revolution" already under way in the secondary mortgage market. Those investments, he added, were aided by a Labor Department regulation clarifying investment parameters under the pension law.

Referring to trustees, Mr. Monks said the "prudent man" concept they historically adhered to might be outdated because "over 20 years, the archetypical 'prudent man' investments have constituted drastic liquidations for the beneficiary . . ."

"While it seemed possible for many decades to earn a 'real' yield from bonds, and for a somewhat longer period from common stocks, it no longer is so," he said.

Trustees now receive flat salaries, yet are held accountable for the failure of a single investment, Mr. Monks said. As a result, they have no incentive to invest their pension funds' assets in non-traditional vehicles, he said.

"In a rather ironic way, beneficiaries are getting what they are paying for — honesty and poor results. Passive management is all that is being paid for, active management may be necessary for acceptable profits. New modes of compensation are called for," he said. ■

Changes threaten disbursing methods

By Richard J. Gillespie

WASHINGTON — The Federal Reserve Board has implemented operational changes that some analysts perceive as a threat to corporate disbursing techniques.

The board also announced it intends to eliminate the practice of remote disbursing altogether.

The moves will affect billions of dollars flowing into corporations from lockboxes and out of corporations through controlled disbursement and remote disbursement points each year.

Cash management

The dollar impact on corporations will depend on the provision of payor services by the Federal Reserve and banks, and their ability to bring accurate information on corporate disbursements by midmorning.

Payor services are services like controlled disbursement that banks provide to corporate customers in the check delivery and process operations.

At a meeting Feb. 15, the board voted to implement the so-called high dollar group sort program April 23.

Under this program, transportation and processing improvements will be introduced to the Federal Reserve's non-city check collection and delivery operations, so-called country points and regional check processing centers.

"The HDGS program is designed to accelerate the collection of checks drawn on institutions located outside Federal Reserve cities that receive a high value of checks," said Elliott McEntee, associate director of Federal Reserve Bank operations.

"Those banks that are part of this program will be treated as if they were located in Federal Reserve cities; checks will be collected just as fast and they will be getting presentment as late as noon," he said.

As a result of the improvements, corporations will enjoy more rapid collection of lockbox receipts, but on the other side, they will experience some problems in disbursement accounts with the now-later deadlines on items presented to them for payment.

"If payor services are adequately provided, I do not think it will have a significant impact on most companies," said Jim Carter, director of cash and banking at TRW Corp.

"If the payor services are not provided in an acceptable manner, and if the amount of the second presentment is large, it will have a

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Late news

Continued from page 1

ton, Wells Fargo Investment Advisers, and Gardner and Preston Moss of Boston.

The system is debating whether to set up a semiactively managed, zero-coupon bond fund, he said.

Arizona State retained Fiduciary Trust and Capital Financial Services as balanced managers.

Los Angeles appoints

LOS ANGELES — The Los Angeles City Employees Retirement System has hired six new equity managers — Alliance Capital Management Corp., San Francisco; Investment Advisers Inc., Minneapolis; M.D. Sass, New York; Nicholas B. Kronwall, Tucson, Ariz.; Provident Capital Management, Philadelphia; and Security Pacific Investment Management, Los Angeles.

Five of the managers will be given $50 million from cash, new contributions, and assets from previous managers. Nicholas B. Kronwall will be given $25 million, according to Oscar Peters, assistant manager of the $1.1 billion fund. An existing manager, Loomis, Sayles & Co., Los Angeles, also was given $50 million.

PBGC investigation

WASHINGTON — Rep. Edward R. Roybal, D-Calif., chairman of the House Select Committee on Aging, plans to ask the General Accounting Office to investigate the Pension Benefit Guaranty Corp.'s investment policies, according to a congressional aide. The GAO will be asked to review the termination of the investment policy panel, formerly a subgroup of the PBGC Advisory Committee.

S&P 500 fund started

SEATTLE — The $275 million Seattle City Employees' Retirement System has decided to place $12 million in an S&P 500 Index fund with Wells Fargo Investment Advisors, San Francisco, according to Roger A. Howeiler, executive director. It also has chosen the Bank of New York as its custodian, and will move securities held in-house to the bank.

Graniteville termination

WASHINGTON — Financier Victor Posner will wind up with about $35 million in excess assets from terminating two pension plans of Graniteville Co.

A firm controlled by Mr. Posner, Southeastern Public Service Co., Miami, recently acquired 85% of the fabric manufacturer based in Graniteville, S.C. Southeastern plans to buy the rest, according to Graniteville officials.

The Pension Benefit Guaranty Corp. approved the termination of Graniteville's hourly and salaried pension plans with combined assets of about $58 million. Southeastern could not be reached for comment.

Darby to join E.W. Axe

TARRYTOWN, N.Y.— Stephen J. Darby Jr. will be joining E.W. Axe & Co., Tarrytown, N.Y., as president March 12, according to John Schroeder, chairman. Mr. Darby, who is vice president and assistant director of investment counseling for Massachusetts Financial Services Co., will oversee sales and marketing activities.

Portfolio switched

OAK BROOK, Ill. — Interlake Inc. is transferring its existing $95 million dedicated bond portfolio to Continental Illinois National Bank & Trust Co., Chicago, according to Raymond T. Anderson, treasurer.

Mr. Anderson declined to name the portfolio's previous manager, but indicated Interlake moved the fund because Continental's management fees were lower. Continental is master trustee for Interlake's $300 million pension fund.

Silverness to form firm

MINNEAPOLIS — Richard Silverness, Wilshire Associates' Midwest representative for 10 years and a partner of the firm for the past three, is leaving to start his own firm, effective April 30.

Mr. Silverness helped Wilshire, previously only a consultant, gain its first investment account, a $1 billion index fund assignment from the Minnesota State Board of Investment last fall.

His firm, Investment Marketing & Services Co., will market the investment services of managers.

Union fund revamped

ST. PAUL, Minn. — Twin Cities Carpenters & Joiners District Council has hired two new balanced managers and a new custodian. First Trust Co. of St. Paul had been the sole money manager.

The multiemployer pension plan is reallocating about $60 million of the $80 million First Trust manages. Investment Advisers Inc., Minneapolis, will get $25.6 million, the largest share. Norwest Bank St. Paul will get $19.2 million. Union Bank & Trust Co., Minneapolis, which will be the new custodian, also will handle the $16 million real estate portfolio.

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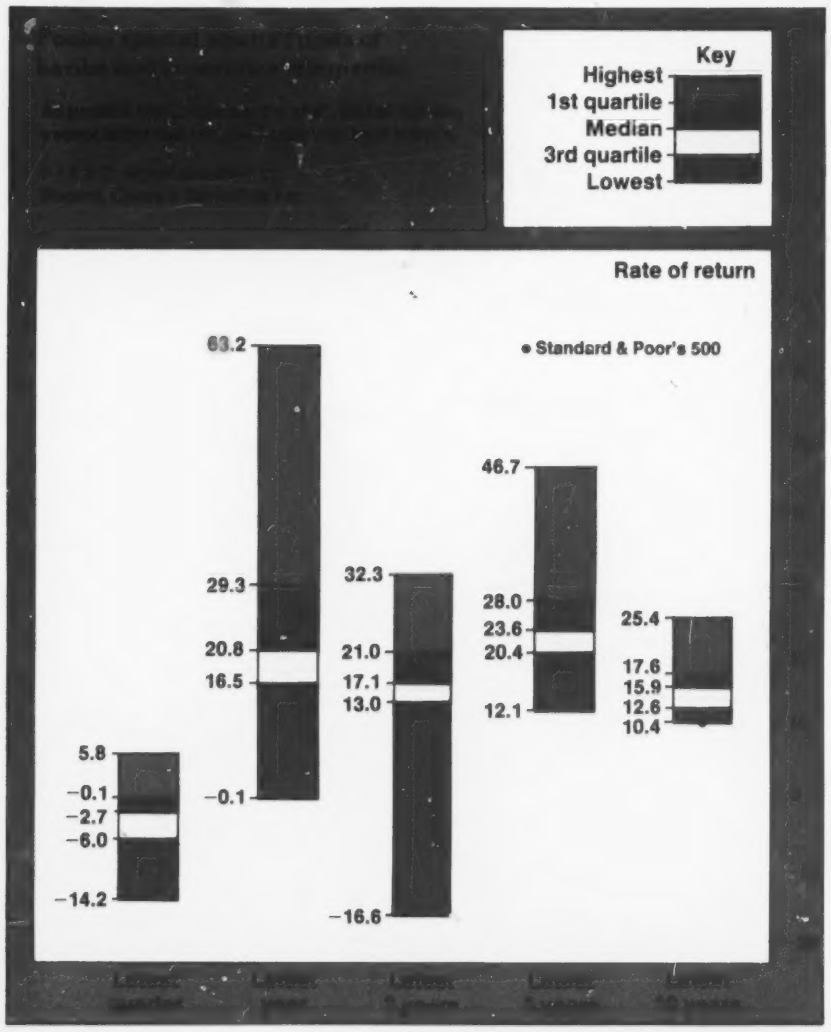

Funds have good year despite technology drop

By Barry B. Burr

CHICAGO — Although many technology stocks fell out of favor during 1983, two San Diego-based special equity managers turned tidy profits buying semiconductor and other technology issues.

California First Bank's special equity portfolio, which is managed aggressively to seek high but risky returns, earned 63.2% for 1983. That was the highest return of the 100 special equity portfolios of large banks and insurance companies surveyed in the Pensions and Investments' Performance Evaluation Report.

Security Pacific Corp.'s money management subsidiary, Pacific Century Group ranked second highest, earning 47.4%.

However, most special equity portfolios underperformed the market in 1983, as measured by the Standard & Poor's 500 stock index. The PIPER median return for the year was 20.8%; just 43 of the 100 portfolios equaled or bettered the S&P return of 22.6%.

In the fourth quarter, performances were worse. Just 23 of the 103 banks and insurance companies evaluated in the quarter earned at least as much as the S&P return of 0.4%. The median portfolio lost 2.7%.

The top performer in the fourth quarter — National Bank of Commerce, Memphis, Tenn. — returned 5.8%. For the year, it returned 22.3%, just slightly less than the S&P benchmark.

Even California First got hurt in the fourth quarter, said Kenneth McCain, the vice president who handles the special equity portfolio: "We did a -4%." Security Pacific's unit had a return of -6.6% for the quarter.

But both did well on the year because of earlier gains.

California First's portfolio, for example, was up 88% after the first half of the year, a performance typical of other top earning portfolios on the year. None did well in the final quarter.

Explaining California First's stock picks in 1983, Mr. McCain said, "A lot of special equity managers tend to go into technology because that is where the high growth is. We avoided a lot of technology potholes — (but) we still hold a lot of technology stocks."

In 1983, the heaviest weighting in California First's portfolio was in semiconductor maker, semiconductor distributor and semiconductor capital equipment stocks.

The largest position, 5% of its portfolio, was in **Advanced Semiconductor Material International**. Its next largest position, 4%, was in **Intel Corp.** California First also owned **Advanced Micro Devices Inc.** In all, it owned 14 semiconductor issues, amounting to more than 50% of its $31 million special equity portfolio.

Another 15% of its portfolio was in computer-aid engineering stocks, such as **Apollo Computer**, **Mentor Graphics** and **Daisy Systems**.

Among other stocks, it held **Optical Radiation**, comprising the third largest position of its portfolio, at about 4%.

But not all of California First's stocks performed well. One disappointment was **Wavetek**. The bank sold it, taking a loss of 40%.

Wavetek, Mr. McCain said, had production problems and missed some contracts. But the main problem, he said, was the company was "less than forthright with investors" about its troubles. They knew of these problems," he said. "They could have explained them to the Street. Needless to say, they didn't. You had a credibility problem. You had a number of analysts recommending the stock" based on misleading information.

One "pothole" California First avoided

Continued on page 14

Special equity performance

Cumulative periods ending 12/31/83

	No. of years 1	5	10	DCR
	%			
American Fletcher, Ind.	18.3	(1)	(1)	—
American National, Minn.	14.3	12.1	(1)	—
American Security, D.C.	38.9	(1)	(1)	—
AmeriTrust (Growth), Ohio	22.3	23.4	18.3	2
AmeriTrust (Tech.), Ohio	4.0	(1)	(1)	—
Bank of America, Calif.	30.1	29.2	17.6	3
Bank of California	20.6	(1)	(1)	—
Bank of New York (A)	20.2	21.7	(1)	—
Bank of New York (B)	32.1	(1)	(1)	—
Bank of Southwest, Texas	16.1	27.5	(1)	—
Bank One, Ohio	15.5	(1)	(1)	—
Bankers Trust, N.Y.	20.6	31.4	18.3	2
California First Bank	63.2	46.7	22.3	1
Central Fid., Lynchburg, Va.	12.9	18.4	10.9	10
Central Fid., Richmond, Va.	15.3	23.5	(1)	—
Central Trust, Ohio	10.1	20.5	(1)	—
Chase Manhattan (Int. Cap), N.Y.	20.6	24.8	(1)	—
Chase Manhattan (Special), N.Y.	25.4	28.3	18.9	1
Chase Manhattan (Value), N.Y.	33.4	(1)	(1)	—
Chemical Bank (F), N.Y.	18.9	31.1	14.0	7
Chemical Bank, N.Y.	16.3	22.3	(1)	—
Citibank (F), N.Y.	25.8	28.2	16.4	4
Citibank (R.E.), N.Y.	20.5	(1)	(1)	—
Citibank (Res.), N.Y.	20.0	(1)	(1)	—
Citibank (Special), N.Y.	29.4	25.9	13.5	8
Citizens & Southern, Ga.	15.7	14.4	12.3	9
City Trust, N.J.	14.5	(1)	(1)	—
Connecticut National Bank	39.4	(1)	(1)	—
Continental Illinois	22.1	34.6	15.9	6
Equitable Life, N.Y.	31.3	32.1	17.7	2
Fidelity Mgmt. Trust, Mass.	43.6	(1)	(1)	—
First Interstate of Calif.	20.4	(1)	(1)	—
First Interstate of Nevada	10.7	25.7	(1)	—
First Natl. of Tulsa, Okla.	15.7	(1)	(1)	—
First of Boston II	25.1	(1)	(1)	—
First of Boston	26.0	(1)	(1)	—
First of Chicago	31.9	24.2	15.4	6
First of Grand Island, Neb.	19.5	(1)	(1)	—
First of Minneapolis	21.0	(1)	(1)	—
First of Neenah (Cap.app.), Wis.	20.4	(1)	(1)	—
First of Neenah (Stock), Wis.	17.6	15.7	(1)	—
First Pennsylvania Bank	29.6	23.4	17.3	3
First Tennessee, Memphis	13.0	20.3	(1)	—
First Trust St. Paul, Minn.	27.5	20.9	11.5	9
First Wisconsin Trust	19.2	21.3	16.2	4
Gary Wheaton Bank, Ill.	16.2	(1)	(1)	—
Girard Bank, Pa.	16.7	(1)	(1)	—
Harris Trust	6.0	17.1	14.5	7
HT Investors, R.I.	24.4	24.5	12.5	8
Interfirst Invt. Mgmt., Texas	18.5	27.2	13.9	7
Irving Trust, N.Y.	23.1	24.9	14.5	7
Kellogg Bank, Wis.	17.4	20.7	15.9	5
Kellogg Bank (High Risk), Wis.	-0.1	(1)	(1)	—
Manufacturers Hanover, N.Y.	23.6	23.7	16.4	4
Manufacturers Hanover (Sup.), N.Y.	22.1	24.9	(1)	—
Manufacturers Hanover, N.Y.	41.4	(1)	(1)	—
Maryland National	28.4	14.8	(1)	—
Mellon Bank (Fund), Pa.	20.0	(1)	(1)	—
Mellon Bank (Sup.), Pa.	25.7	20.6	(1)	—
Mercantile at Dallas	27.1	36.2	25.4	1
Mercantile Trust, Mo.	34.0	(1)	(1)	—
Merchants National, Ala.	35.1	28.3	11.9	9
Merchants National (2), Ind.	19.8	18.1	12.6	8
Merchants National, Pa.	14.5	(1)	(1)	—
Metropolitan Life, N.Y.	19.3	20.8	10.4	10
Midlantic National, N.J.	20.5	(1)	(1)	—
Morgan Guaranty (Int.), N.Y.	19.4	17.8	12.3	9
Morgan Guaranty (SSI), N.Y.	17.3	25.7	16.1	5
Morgan Guaranty, N.Y.	33.8	(1)	(1)	—
Mutual of N.Y.	22.7	16.2	(1)	—
Natl. Bank of Detroit	29.6	(1)	(1)	—
Natl. City Cleveland	33.0	24.5	18.0	2
Natl. of Commerce, Tenn.	22.3	(1)	(1)	—
Northern Central, Pa.	12.7	39.7	(1)	—
Northern Trust, Ill.	21.0	(1)	(1)	—
Norwest Bank, Minn.	23.5	31.4	17.6	3
Old Second Natl., Ill.	15.5	15.9	(1)	—
Oregon Bank	19.7	(1)	(1)	—
Pittsburgh National	14.0	(1)	(1)	—
Provident National, Pa.	36.1	25.6	16.4	4
Prudential (Midco), N.J.	29.2	(1)	(1)	—
Prudential, (Priform), N.J.	30.5	(1)	(1)	—
Prudential (Smallco), N.J.	31.1	33.7	(1)	—
RepublicBank (Select) Dallas	44.3	(1)	(1)	—
RepublicBank (Special) Dallas	14.2	23.6	15.9	5
Seattle First National	20.9	20.2	(1)	—
Security Pacific, Calif.	47.4	(1)	(1)	—
Shawmut of Boston (Tech.)	25.9	(1)	(1)	—
Shawmut of Boston (Value)	24.2	(1)	(1)	—
Summit & Elizabeth, N.J.	13.9	(1)	(1)	—
Texas American Bank	16.9	22.3	(1)	—
Third Natl., Nashville, Tenn.	14.8	21.6	15.3	6
Trust Co. of Georgia (Ret.)	8.0	(1)	(1)	—
Trust Co. of Georgia	16.7	(1)	(1)	—
Trust Co. of the West	42.1	(1)	(1)	—
United Virginia Bank	30.0	(1)	(1)	—
Virginia National	10.5	(1)	(1)	—
Wachovia Bank (Dir.Cap), N.C.	23.0	(1)	(1)	—
Wachovia Bank, (Div.Spe.)N.C.	35.9	(1)	(1)	—
Standard & Poor's 500	**22.6**	**17.3**	**10.7**	**10**

(1) - Fund too new.
DCR - 10-year decile rank.

PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.

PIPER

Top quartile commingled special-equity funds

3-month returns

	%
Natl. of Commerce, Tenn.	5.8
Valencia Bank, Calif.	5.2
Shawmut of Boston	3.7
Natl. Bank of Detroit	3.6
American National, Minn.	2.9
First of Chicago	2.6
Chase Manhattan, N.Y.	2.5
Wachovia Bank, N.C.	2.5
First of Boston	2.4
First Interstate of Nevada	2.1
Prudential, N.J.	1.9
Gary Wheaton Bank, Ill.	1.4
Manufacturers Hanover, N.Y.	1.1
Morgan Guaranty, N.Y.	1.1
Old Second Natl., Ill.	0.9
Provident National, Pa.	0.9
Mutual of N.Y.	0.8
Oregon Bank	0.7
American Fletcher, Ind.	0.6
Trust Co. of Georgia	0.5
Mellon Bank, Pa.	0.3
Equitable Life, N.Y.	0.1
Manufacturers Hanover, N.Y.	0.0
RepublicBank Dallas	0.0
Citibank, N.Y.	−0.1
Standard & Poor's 500	**0.4**

1-year returns

	%
California First Bank	63.2
Security Pacific, Calif.	47.4
RepublicBank Dallas	44.3
Fidelity Mgmt. Trust, Mass.	43.6
Trust Co. of the West	42.1
Manufacturers Hanover, N.Y.	41.4
Connecticut National Bank	39.4
American Security, D.C.	38.9
Provident National, Pa.	36.1
Wachovia Bank, N.C.	35.9
Merchants National, Ala.	35.1
Mercantile Trust, Mo.	34.0
Morgan Guaranty, N.Y.	33.8
Chase Manhattan, N.Y.	33.4
Natl. City Cleveland	33.0
Bank of New York	32.1
First of Chicago	31.9
Equitable Life, N.Y.	31.3
Prudential, N.J.	31.1
Prudential, N.J.	30.5
Bank of America, Calif.	30.1
United Virginia Bank	30.0
Natl. Bank of Detroit	29.6
First Pennsylvania Bank	29.6
Citibank, N.Y.	29.4
Standard & Poor's 500	**22.6**

3-year returns

	%
California First Bank	32.3
Chase Manhattan, N.Y.	26.0
Central Fid. Richmond, Va.	24.3
First of Chicago	24.1
Chase Manhattan, N.Y.	23.9
Norwest Bank, Minn.	23.9
Citibank, N.Y.	23.7
Prudential, N.J.	23.3
Manufacturers Hanover, N.Y.	23.1
Mercantile at Dallas	23.0
Merchants National, Ala	22.8
Connecticut National Bank	22.3
Provident National, Pa.	22.1
Midlantic National, N.J.	21.5
First Interstate of Nevada	21.4
Chase Manhattan, N.Y.	21.2
Trust Co. of Georgia	21.0
Continental Illinois	21.0
First Pennsylvania Bank	21.0
First Trust St. Paul, Minn.	21.0
Standard & Poor's 500	**12.3**

5-year returns

	%
California First Bank	46.7
Northern Central, Pa.	39.7
Mercantile at Dallas	36.2
Continental Illinois	34.6
Prudential, N.J.	33.7
Equitable Life, N.Y.	32.1
Norwest Bank, Minn.	31.4
Bankers Trust, N.Y.	31.4
Chemical Bank, N.Y.	31.1
Bank of America, Calif.	29.2
Merchants National, Ala.	28.3
Chase Manhattan, N.Y.	28.3
Citibank, N.Y.	28.2
Standard & Poor's 500	**17.4**

10-year returns

	%
Mercantile at Dallas	25.4
California First Bank	22.3
Chase Manhattan, N.Y.	18.9
AmeriTrust, Ohio	18.3
Bankers Trust, N.Y.	18.3
Natl. City Cleveland	18.0
Equitable Life, N.Y.	17.7
Norwest Bank, Minn.	17.6
Bank of America, Calif.	17.6
Standard & Poor's 500	**10.7**

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Leif E. Nulsen, Vice President and Chief Investment Officer

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Funds have . . .

Continued from page 13

was **Apple Computer**, which during 1983 reached a high in the 60s. The bank sold its shares on the way down, at 54. But in 1984, with Apple in the 20s, California First again is buying the stock.

Security Pacific's Pacific Century Group also performed well with semiconductor and other technology stocks, according to Arthur E. Nicholas, the executive vice president who directs the equity investments.

Like California First, Pacific Century Group bought **Advanced Micro Devices**. Its portfolio also included **KLA Instruments**, **Emulex** and **Ultimate**.

Mr. Nicholas said it did well with non-technology issues, too, such as **Cannon Group** (a film maker), **Valueline**, **America Air West**, **Textone**, **AAR** and **Amcast**.

One of Security Pacific's losers was **Hybritech**.

For the fourth quarter, National Bank of Commerce had a different composition of its portfolio. Alex G. Conaway, portfolio manager, said two of the Memphis bank's successful stocks in the quarter were **American Furniture** and **Management Assistance**.

These firms, he said, fit a criterion of the portfolio's strategy: they have two divisions, one doing badly and the other doing well. Their stocks tend to trade at prices based on the weak division, he said.

Thus, National Bank of Commerce bought the stocks in hope of a turnaround at the companies, either by spinning off the weak operations or improving them.

Mr. Conaway said the Memphis bank primarily — but not always — buys equities of small, little followed companies. At times, it also owned **Southern Pacific Co.**, **Texas Air** and **Seagrams**.

For the long term — three, five and 10 years — several special equity managers have performed consistently well. Some managers, like Security Pacific, whose special equity portfolio is only 30 months old, are not included in the longer-term evaluations.

Besides leading in 1983, California First was at the top of PIPER special equity funds for the three- and five-year periods, returning 32.3% and 46.7% respectively. For 10 years, it ranked second with 22.3%.

The nine best performing portfolios for the 10-year period also did well for the five- and one-year periods as well.

The funds are Mercantile at Dallas; California First; Chase Manhattan; AmeriTrust; Bankers Trust; National City, Cleveland; Equitable; Norwest Bank, Minneapolis; and Bank of America. ■

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ARPS yield expected returns, stability surprises

By Barry B. Burr

CHICAGO — ARPS, one of last year's hottest financing ideas and a popular investment for excess corporate assets, did not perform exactly as advertised for corporate investors.

Although most investors who bought ARPS achieved close to their expected returns, the adjustable rate preferred stocks did not trade in the narrow band around par value, as had been expected.

Some treasurers had invested excess corporate assets in ARPS in anticipation of their price stability. But despite the greater than expected price variation, most treasurers who used them are content with the returns.

Kenneth Drucker, treasurer of Stauffer Chemical Co., said ARPS provide a better after-tax yield than money market funds and less risk than fixed-rate preferred stock.

"The advantage of ARPS is there is less principal risk than straight preferred," added Ronald D. Henriksen, director-corporate investments, at Eli Lilly & Co. "As a corporate buyer, we don't want to see a lot of principal loss."

But ARPS have not been the stable instrument immune from the fluctuating prices of fixed-rated preferred stock that their issuers and their buyers had envisioned.

Cash management

"Some corporations were burned" buying them, said Mr. Henriksen.

Many others, such as Eli Lilly, have done quite well with ARPS. Lilly holds about $32 million in the stocks.

Standard Oil Co. (Indiana), always cautious about risking its working capital in equities, put its first corporate cash in that area in May 1982, when ARPS first were

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Pensions & Investment Age

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Teachers hire Fischer Francis, PIMCO

NYC fund shifts $1.5 billion

NEW YORK — The New York City Teachers Retirement System, with assets of about $5 billion, has split $1.5 billion between two new fixed-income managers and will begin using financial futures within a few months, according to William Badger, third deputy comptroller for the city.

The fund hired Fischer, Francis, Trees & Watts, New York, and Pacific Investment Management Co., Newport Beach, Calif., giving each $750 million. The money came from Favia, Hill & Associates, New York, which had been investing $3 billion for the fund.

Fischer Francis has $5.3 billion under management and PIMCO has more than $5.3 billion; both are fixed-income specialists.

"We hired Fischer, Francis and Pacific Investment Management because they have the ability to generate new products," Mr. Badger said. "We are thinking about using futures, and they seem to be two firms that are very familiar with futures."

Mr. Badger said the fund had interviewed a number of money managers but none knew futures as well as the two that were hired.

He said the two new managers would begin using financial futures for the teachers fund as soon as legal requirements are met.

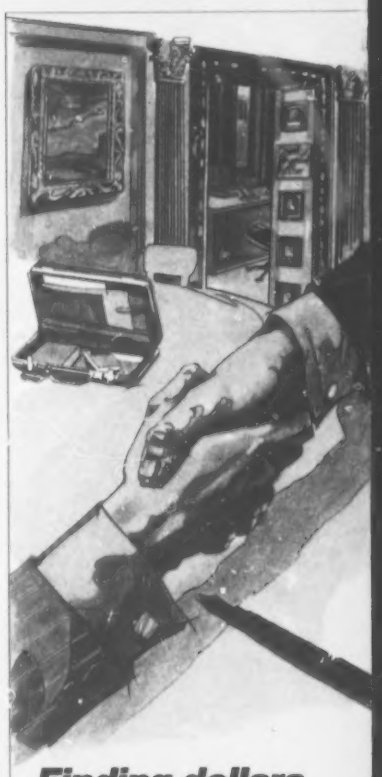
It is possible, he said, that the other funds in the city system — the New York City Employees Retirement System, the New York City Police Department Pension Fund, the New York City Fire Department Pension Fund and the Board of Education Retirement System — also would begin to use financial futures later.

These funds, together with the teachers fund, have assets totaling about $20 billion.

Mr. Badger said the decision to cut in half the amount of money managed by Favia, Hill did not indicate unhappiness with that firm. The trustees decided $3 billion under one manager was too much "and we wanted to spread the money around a bit," he said.

The New York City comptroller's office is responsible for managing the fixed-income assets of the teachers fund.

In addition to Favia, Hill, Lehman Management Co., New York, also manages bonds, while the short-term investments and mortgages are managed internally. ■



Finding dollars and the deals

In this issue, *Pensions & Investment Age* profiles the corporate finance services offered by investment and commercial banks. The special directory section begins on page 29.

Calif. system hires Wilshire, drops Buck

By Steve Hemmerick

SACRAMENTO — The $21 billion California Public Employees Retirement System investment board has decided to drop Buck Pension Fund Services in response to the resignation of the consulting firm's chairman, Doug Love.

The retirement board decided March 14 to hire Wilshire Associates, Santa Monica, as the replacement for Buck Pension as the fund's consultant. The Cali-

Continued on page 58

Fund finds profitable frontier

By Joel Chernoff

CLEVELAND — For the $210 million Cleveland-Cliffs Iron Co. pension fund, the future is here.

Cleveland-Cliffs has an ambitious program of investments in smaller-capitalized stocks that might blaze trails for other funds, said S. Sterling "Ted" McMillan III, vice president for finance.

The pension fund has plunged into areas in a way that could make the average pension executive edgy, including:

• Investing about half of the fund's equity portfolio in below-average capitalized stocks, with one-third to two-fifths in the bottom quartile.

• Committing about 7% of pension assets to venture capital investments.

• Getting involved, through boards of directors seats, in the management of some of the companies of which it owns at least 10%.

• Investing directly in the Far East, particularly Japan, with a 7% commitment to international investments.

S. Sterling "Ted" McMillan III

The fund's investment philosophy advocates lower-capitalized companies.

"We have a general plan in the fund that there are better returns available on issues that are not widely followed by the investment community," Mr. McMillan explained.

The Cleveland-Cliffs fund tends "to favor low-capitalized, low-liquidity stocks with good returns over a period of time," he added. The fund's asset allocation is 60% equities, 25% fixed income and 15% cash equivalents.

Other funds have copied parts of Cleveland-Cliffs' investment policy, Mr. McMillan said. "I think this

Continued on page 62

Late news

501(c)(9) taxation vote

WASHINGTON — The Senate Finance Committee voted against taxing income earned by 501(c)(9) trusts, settling for less stringent restrictions. However, a House Ways and Means Committee bill would impose tough new funding limitations.

The final outcome likely will have to be decided in a conference between the two chambers.

The trusts are used to prefund employee benefits, such as long-term disability and medical benefits.

The House bill would limit trust

Continued on page 2

Section

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El Paso Co. sued on reinvestment issue

By Fred Williams

HOUSTON — A $45.8 million lawsuit has been filed in U.S. District Court here charging the El Paso Co. and six of its officers with breaches of fiduciary duties under ERISA, negligence and flagrant disregard of the rights of the members of its employee savings plan to aid Burlington Northern Inc. in its takeover of the company.

The suit alleges that an El Paso Co. savings plan lost about $35.8 million because it did not use proceeds from Burlington's tender offer to reinvest in El Paso stock.

Douglas Holley and John Sample, employees of El Paso Natural Gas Co., a subsidiary of the El Paso Co., allege numerous violations of the "prudent man" section of the Employee Retirement Income Security Act. They also claim the fund was not administered "solely in the interests of the participants" of the plan during the takeover by Burlington last year.

The suit seeks $45.8 million in damages, most from lost profits to the plan, and including $10 million in punitive damages.

Named as defendants in the suit are Travis Petty, El Paso chairman and president; Richard S. Morris, executive vice president; Michael Bracy, senior vice president; T.W. Bittick, president of El Paso Exploration Co.; William Holick Jr., president of El Paso Natural Gas until his retirement last year; and J.V. Waggoner, president of El Paso Products Co.

The six served as investment and administrative committees for Plan A of the Employees Savings Plan. Citibank also is named in the suit and was trustee of Fund A.

On Dec. 20, 1982, Burlington announced it intended to make an unsolicited tender offer to acquire up to 25,100,000 shares of El Paso Co. common stock, about 51%, for $24 per share.

El Paso Co. management initially opposed the tender offer and began taking defensive measures.

Central to the allegations in the lawsuit is the management of Fund A of the savings plan at the El Paso Co.

That fund was to be invested solely in common stock of the El Paso Co.

On Dec. 31, 1982, Fund A had an equity of $99,763,317 represented by 4,372,949 shares of El Paso stock for an average value of $22.75 per share.

The suit points out that on Dec. 23, after receipt of the first tender offer, the board of directors of the El Paso Co authorized two amendments to Fund A's trust agreement of Fund A.

The amendments authorized each member to direct Citibank, the trustee, to tender the shares held in the member's name. If the member failed to give affirmative direction to tender, the trustee was directed not to tender the shares.

According to the report of operations, as of June 30, 1983, participating members tendered 92.4% of the common stock held in Fund A, or 4,053,936 shares. Burlington purchased 2,113,479, or 52.13%, at $24 per share for a total of $50,723,496.

"The plaintiffs allege that according to the Employees Savings Plan Report of Operations, as of June 30, 1983, none of the tender proceeds received from the tender of common stock held in member accounts had been reinvested in the common stock of the El Paso Co.," the suit said.

The failure to purchase the stock violated terms of the plan and the trust agreement, causing the fund to lose about $11,364,504 as a result, according to the suit.

The suit claims that $20,723,496 of the $50,723,497 represented funds held in members' accounts and could have been invested at an average cost of $15.50 per share and could have purchased about 1,337,000 shares with a market value of $24.

The plaintiffs charge that about $30 million of the $50,723,496 tender proceeds represented funds held in trust in the members' company accounts in Plan A.

The company announced on Jan. 18, 1983, that the $30 million and future matching

Continued on page 60

Chicago funds commit to Illinois-only real estate

By Mark Westerbeck

CHICAGO — Three Chicago municipal retirement funds have joined together in a $65 million closed-end pooled trust that will invest only in Illinois real estate.

The $600 million Chicago Municipal Employees' Annuity and Benefit Fund will contribute $40 million to the trust, the $380 million Chicago Firemen's Annuity Benefit Fund will invest $15 million and the $200 million Chicago Laborers' & Employees' Annuity and Benefit Fund will put in $10 million.

The investment guidelines of the trust call for 60% of the money to be invested in Chicago property, 20% within Cook County and the rest elsewhere in the state.

Half is contributed now and the remainder in a year, unless investment opportunities call for faster contributions.

Properties generally will be in the $5 million to $7 million range, with a target of about eight to 10 properties and the possibility of investments as high as $15 million. The all-equity fund might build some new properties.

The trust is organized through the relationship of Trident Investment Management Inc., which is the investment adviser, to Richard Meyer. Mr. Meyer's firm, Meyer Investment Properties Inc., acts as real estate adviser.

John C. Weiner Jr., chairman of Trident, said special care was taken to develop an investment instrument that limits the liability to some of the trustees on the three retirement funds.

Both Mr. Weiner and Robert Golding, an attorney in the Chicago law firm of Winston and Strawn, which helped construct the investment product, said that what is unusual in this pooled trust is how some fiduciary responsibility is disbursed to Mr. Meyer on behalf of these public employee pension funds.

Mr. Weiner acknowledged a prevailing attitude in real estate circles that investing in the Sun Belt generally is preferable to the frost belt. He was adamant that this public fund pool, which is limited geographically, is not a social investment. "We've always kept away from that," he said.

While Trident is "very interested" in creating jobs, it also mandates that the investments are competitive in yields.

Burlington Northern pension fund seeks to sell note to plan sponsor

By Joel Chernoff

SEATTLE — A Burlington Northern Inc. pension fund is asking the Department of Labor for an exemption so it can sell a debt/equity mortgage investment to the fund's sponsoring company.

The Pension Trust Indenture Number Two, which is part of Burlington Northern's $210 million master trust, wants to sell to a Burlington subsidiary a $7.5 million secured note that was obtained in exchange for financing the expansion of a resort community 20 miles north of Phoenix, Ariz.

Such a sale would violate the Employee Retirement Income Security Act's prohibited transaction rules between a plan and a party in interest, so the fund had to apply for an exemption from the Department of Labor. It took 10 months until the department was ready to formally propose the exemption.

In April 1982, the fund lent the Boulders/Carefree Partners $7.5 million for construction of a 630-acre expansion project, including a hotel and a clubhouse.

While the proposed deal would give the fund a hefty return, it appears the original note held out far greater prospects, according to a valuation by an independent accountant.

The Burlington fund's experience illustrates some of the difficulties involved in investing in mortgage finance, dealing with a seemingly slow-moving government bureaucracy and meeting fiduciary obligations.

Fund officials declined to be interviewed. Richard L. Johnes, general partner in Boulders/Carefree Partners, declined to answer questions because the exemption is not yet final.

Under the terms of the original deal between the fund and the partnership, the fund received a 20-year note bearing a 9% yield plus an equity kicker. The equity interest is worth 50% of the fair market value exceeding $15 million of both the improved property and the stock of the Boulders Carefree Sewer Corp., when the note matures or is paid off.

The note is secured by a lien on the property created by a deed of

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Late news

Continued from page 1

reserves to no more than 75% of the average benefits paid out and administrative expenses combined in the previous and current tax year. No limits now exist.

The Senate Finance Committee voted to limit benefits to top officials and highly compensated employees to no more than 25% of benefits paid out.

The House bill also would delay until 1988 cost-of-living adjustments of the limits on contributions to, and benefits from, qualified retirement plans.

First client commits

NEW YORK — Neuberger & Bermar Pension Management's new fixed-income group has gained its first client, The Common Fund, said Theodore Giuliano, senior portfolio manager.

Smith [illegible] sale

NEW [illegible] proposed sale of Smith [illegible]ey Real Estate Corp. to a fin[illegible]cial-services holding company will have no impact on its pension fund advisory operation, an official said.

The proposal has been well received by clients of the Smith Barney Real Estate Fund, he said.

The sale to Security Capital Corp. for $40 million of cash and debt gives greater compensation and control to the senior executives of the real estate corporation, said Lewis Kresch, first vice president of the real estate corporation.

GEISCO wins contract

SAN FRANCISCO — The Calwestern Automated Clearing House Association, an electronic payments network operated among banks in Arizona, California, Nevada and Hawaii, has awarded a payments processing contract to General Electric Information Services Co.

The CACHA board voted 11-7 in favor of GEISCO over the front-running proposal made by Bank of America.

Payments processing for CACHA now is undertaken by the Federal Reserve Bank.

State Street tapped

NEW YORK — Todd Shipyards Corp.'s retirement fund has hired State Street Bank & Trust, Boston, as master trustee for its roughly $59 million in total assets, according to J.G. Van Dalen, vice president.

State Street replaces the Chase Manhattan Bank, New York, he said.

Teamsters commit

WASHINGTON — The Teamster Affiliates Pension Plan, with total assets of $310 million, will be the first major client investing in Glenn Kent's Genesis Fund, according to Eugene Burroughs, director-investment department of the International Brotherhood of Teamsters.

The Genesis Fund clears through Abel, Noser & Co. in New York.

Committee piqued

SACRAMENTO, Calif. — The investment committee of the $21 billion California Public Employees Retirement System is upset because there is only one candidate for the position of chief investment officer, sources said.

In a closed-door meeting March 14, sources said, committee members also ordered that an executive search firm be used to locate more candidates.

The sole candidate, who was not identified, reportedly is still in the running for the job, but final selection is said to be a month or two away.

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Finding the dollars and the deals

First Boston, Kidder Peabody, Salomon Bros. and Goldman, Sachs each reported involvement in more than 50 mergers and acquisitions in 1983.

In sheer numbers of deals, First Boston Corp. led with 84 deals totaling $21.1 million. Salomon Bros. Inc. had fewer deals, 51, involving more money, $14 billion. Kidder Peabody & Co. Inc. was involved in 56 worth $9 billion, while Goldman, Sachs & Co. reported 75 mergers and acquisitions.

Others active in merger deals were Bear, Stearns & Co., 36; Donaldson, Lufkin & Jenrette Inc., 25 worth $1.7 billion; Prudential-Bache Securities Inc., 21; and Merrill Lynch Capital Markets, 23 deals worth $3.8 billion.

This data and other information about types of services offered by 44 investment banking firms and 22 of the nation's banks appears in this issue of *Pensions & Investment Age*.

Profiles of each firm were drawn from information the firms provided in response to questionnaires mailed to them. Some major firms were excluded because they failed to respond.

The profiles of investment banking firms differ from the bank profiles because banks cannot underwrite issues of securities. Banks can, however, participate in many other corporate finance services, including mergers and acquisitions, private placements of financing and leasing. Banks are involved in one important aspect of financing detailed in the profiles: commercial loans.

Kidder Peabody led investment bankers in the number of leveraged buy-out deals, 16. Prudential-Bache was involved in eight and Goldman, Sachs and Donaldson, Lufkin & Jenrette, were involved in five each.

Salomon Bros. arranged financing for $5.8 billion in private placements in 1983, followed closely by Goldman, Sachs with $4.5 billion. Drexel Burnham Lambert Inc. arranged $1.2 billion and Prudential-Bache, $816 million. Banks also arranged private placement financing and leasing. Harris Trust and Savings Bank reported $87 million private placements made in 1983 and NCNB National Bank arranged $50 million, with $15 million being the largest deal.

In 1983, The Bank of New York put together $85 million in five leasing deals; Irving Trust Co. has $150 million in leases outstanding; the Bank of New England arranged $75 million; and Harris Bank, $14 million. ■

Investment banks

a

Advest Inc.
6 Central Row, Hartford, Conn. 06103; (203) 525-1421

Advest has 800 professionals in 47 offices. It has a total capital of $57 million and excess capital of $28 million. It is publicly owned.

Equity financings: In 1983, Advest solely managed 12 financings for $69 million, co-managed four for $86.6 million and ran the books for 13 for $77.8 million. It participated in a total of 670 deals for $194.9 million.

Debt financings: The company solely managed two for $5.5 million, co-managed one for $50 million and ran the books for two that raised $55.5 million.

Anthony A. LaCroix is chairman of the board, president and chief executive officer. Allen Wientraub is senior executive vice president. Barton P. Ferris Jr. is managing director-investment banking and Robert Dorfman is first vice presider:t-corporate finance.

b

Baker Watts and Co.
100 Light St., Baltimore, Md. 21202; (301) 685-2600

Baker Watts and Co.'s total capital is $6.1 million and excess capital is $2.5 million.

The privately held firm has three professional employees. Its domestic financial affiliates are ABG Associates and Offut & Taylor Inc.

Equity financings: The firm solely managed two issues in 1983 for $8 million, ran the books for one issue for $3.1 million and co-managed two issues for $20.6 million. Total equity participation for the year was 130 for $14 million.

E. Rogers Novak Jr., senior vice president, is in charge of the merger and acquisition, leveraged buy-out and private placements departments.

Senior management includes Suwell S. Watts III, general partner and Eugene L. Cooke, general partner.

Bear, Stearns & Co.
55 Water St., New York, N.Y. 10041; (212) 952-5000

Bear, Stearns, which is held privately, has total capital of $420 million and excess capital of $296 million on 2% and $249 million on 5%. It has 900 professional employees and 12 offices.

Equity financings: The firm solely managed 24 issues in 1983 for $383 million, ran the books for 36 issues for $681 million and co-managed 18 for $706 million.

Debt financings: The firm solely managed five debt financings for $400 million, ran the books for 11 issues for $665 million and co-managed 18 issues for $2.9 billion.

Mergers & acquisitions: The firm handled 36 deals in 1983. The largest deal was Financial Corp. of American/First Charter Financial. The department is headed by Frank B. Richardson, partner.

Alan C. Greenberg is chief executive officer and Alvin H. Einbender is managing partner.

William Blair & Co.
135 S. LaSalle St. Chicago, Ill. 60603; (312) 236-1600

William Blair has 175 employees in six offices. It has a total capital of $43 million and excess capital of $17 million. It is privately held.

Equity financings: The company had six solely managed for $63 million, 16 co-managed for $465 million and 12 for which it ran the books for $136 million.

Debt financings: William Blair and Co. co-managed two for $100 million.

Mergers & acquisitions: There were 40 deals in 1983, for a volume of $700 million. The largest deal involved Pearle Health Service.

Private placements: The largest private placement was for $10 million.

Edgar D. Jannotta is the managing partner and E. David Coolidge III is partner in charge of corporate finance.

J.C. Bradford & Co.
170 Fourth Ave. N., Nashville, Tenn. 37219; (615) 748-9000

J.C. Bradford, a privately held company, says its special expertise is in the health care, data processing and restaurant industry areas, processing initial public offerings, retail debt offerings and private equity deals. Its total capital is $38 million and its excess capital is $10.5 million. It employs 450 professionals in 44 offices.

Equity financings: The firm solely managed eight deals that raised $104.6 million in 1983. It co-managed eight deals for $136.6 million and ran the books on 12 that raised $156.7 million.

Debt financings: It solely managed one debt financing, which raised $50 million, and co-managed three, which raised $175 million.

Leveraged buy-outs: One deal in 1983 for $5.1 million.

Private placements: Bradford raised $22.2 million with the largest single placement being $9.8 million. Robert S. Doolittle, partner, heads the department.

J.C. Bradford Jr., senior partner and W. Lucas Simons, managing partner, head the firm's top management.

c

Carolina Securities Corp.
127 W. Hargett St., Raleigh, N.C. 27601; (919) 832-3711

Carolina Securities has 135 employees in 15 offices. It has total capital of $2.3 million, an excess capital of $2.2 million, and is publicly held.

Equity financings: Carolina Securities co-managed one deal for $13 million. It participated in 249 equity deals totaling $27.2 million during the year.

Mergers & acquisitions: The department, headed by Clayton I. Duncan, senior vice president, completed one deal in 1983 for $23 million.

Leveraged buy-outs: The department, also headed by Mr. Duncan, completed one deal in 1983 for $3.5 million.

Glenn E. Anderson is chairman of Carolina Securities. Garland S. Tucker III is the president and chief executive officer.

d

Donaldson, Lufkin & Jenrette
140 Broadway, New York, N.Y. 10005; (212) 902-2000

Donaldson, Lufkin & Jenrette Inc. has total capital of $338 million. The publicly held company has 1,025 professionals in 50 offices. Its average corporate client has revenue of $200 million.

Equity financings: In 1983, the company solely managed 10 equity deals for $146 million, co-managed 17 for $367 million and ran the books for 23 for $369 million. Total equity participation was 370 deals for $401 million.

Debt financings: Donaldson, Lufkin & Jenrette co-managed three debt financings raising $66 million and ran the books for two raising $50 million.

Mergers & acquisitions: Michael J. Rosenthal, senior vice president, heads this department of 40 professionals. It handled 25 deals last year for $1.7 billion. The largest deal involved Lear Petroleum Corp.

Leveraged buy-outs: The five professionals in this department handled five deals in 1983 for $891 million. Mr. Rosenthal is department head.

Private placements: The department is headed by Robert E. Deimar, senior vice president. It has more than 100 active institutional relationships. The total volume of placements in 1983 was $163 million; the largest was $70 million.

Richard H. Jenrette is chairman and chief executive officer; John K. Castle is president and chief operating officer.

Drexel Burnham Lambert Inc.
60 Broad St., New York, N.Y. 10004; (212) 480-6000

Drexel Burnham Lambert, which is privately held, has total capital of $407 million and excess capital of $94 million. The firm has 120 employees and five offices.

Equity financings: It solely managed 35 issues in 1983 for $1.1 billion, ran the books for 55 for $1.8 billion and co-managed 29 for $1.6 billion.

Debt financings: The firm solely managed 52 debt financings for $3.6 billion, ran the books for 72 issues for $6 billion and co-managed 35 issues for $3.7 billion.

Mergers & acquisitions: The firm was involved in 20 deals for $1 billion in 1983. There are 22 professionals in the department, which is headed by David G. Kay, managing director.

Leveraged buy-outs: There are nine professionals in the department, which is headed by John Kissick and Leon D. Black, managing directors.

Private placements: The firm has 250 active institutional relationships. The total volume of placements was $1.2 billion in 1983; the largest was $102.5 million. The department is headed by Gerald Koorner, first vice president.

Corporate restructurings: The firm handled 25 deals in 1983. There are seven professionals in the department, headed by James A. Snyder.

Leasing and project finance: There are six professionals in this department, which is headed by Donald R. Kendall Jr.

e

Eppler, Guerin and Turner
2001 Bryan Tower, Suite 2300, Dallas, Texas 75201; (214) 880-9000

Eppler, Guerin and Turner Inc., a privately held firm, has a total capital of $30 million.

Equity financings: The firm solely managed three issues in 1983 for $32 million and co-managed three issues for $38 million.

Mergers & acquisitions: The department is headed by Thomas O'Toole, executive vice president.

Private placements: Frank Lavinger, managing director, is head of the department.

Senior management members include D.P. Guerin, chairman; R.E. Wooldridge, president; and S. Mitchell and Mr. O'Toole.

Equitable Securities Corp.
First American Center, Nashville, Tenn. 37219; (615) 244-9420

Equitable Securities Corp. has capital of $3.5 million and employs 25 professionals in 14 offices. It says its special expertise is in public finance.

William H. Cammack is president and Robert F. Stamps is executive vice president.

f

Ferris & Co. Inc.
1720 Eye St. N.W., Washington, D.C. 20006; (202) 429-3500

Ferris has 155 employees in nine offices. It has total capital of $8.3 million, excess capital of $5 million and is privately held.

Dudley M. Patteson, vice president, heads up the merger and acquisitions, leveraged buy-out, private placement, corporate restructuring and project finance departments.

George M. Ferris Jr. is the chief executive officer. Mr. Patteson is head of corporate finance.

The First Boston Corp.
Park Avenue Plaza, New York, N.Y. 10055; (212) 909-2000

First Boston Corp., a subsidiary of First Boston Inc., has 1,216 employees in 10 offices. International affiliates include Credit Suisse First Boston and Financiere Credit Suisse First Boston. It has total capital of $515.4 million, excess capital of $80.2 million and is publicly held.

Equity financings: First Boston solely managed 30 deals in 1983 for $1.1 billion, co-managed 47 for $3.2 billion and ran the books for 54 totaling $2.3 billion.

Debt financings: First Boston solely managed 26 debt financings for

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Roger C. Pastore
Senior Vice President, Corporate Finance

Mitchell A. Johnson
Vice President and Fiscal Agent

For more details, contact the Fiscal Agency Department at 800-321-7179

Student Loan Marketing Association
1050 Thomas Jefferson Street, N.W., Washington, D.C. 20007

This announcement appears as a matter of record only

$1.6 billion, co-managed 53 for $7.4 billion and ran the books for 63 for $7.6 billion.

Mergers & acquisitions: First Boston has 57 professionals in the department. It completed 84 deals in 1983 for $21.1 million. The largest deal was Broken Hill Proprietary Ltd.'s acquisition of the coal reserves of a U.S. company. Joseph R. Perella and Bruce Wasserstein, managing directors, are the department heads.

Leveraged buy-outs: The six professionals in the department completed six deals in 1983 for $685 million. Brian D. Young and Arthur J. Nagle, managing directors, are in charge of the department.

Private placements: The firm has 155 active institutional relationships. In 1983, the total volume of placements was $5.6 billion. The largest private placement was for $200 million. Thomas W. Keaveney, vice president, is the department head.

Peter T. Buchanan is president and chief executive officer; Alvin V. Shoemaker is chairman of the board.

First of Michigan Corp.

100 Renaissance Center/26th Floor, Detroit, Mich. 48243; (313) 259-2600

First of Michigan, a subsidiary of First of Michigan Capital Corp., has 493 employees in 27 offices. Its total capital is $14.4 million and excess capital is $5.7 million. It is publicly held. The revenue of the average corporate client is $50 million to $100 million.

First of Michigan's domestic affiliates are Public Finance, Corporate Finance, First of Michigan Insurance Agency Inc., First of Michigan Properties Inc., First of Michigan Leasing Inc., First of Michigan Venture Capital Associates Inc., First of Michigan Real Estate Inc., First of Michigan Advisers Inc. and First of Michigan Explorations Inc.

Equity financings: It solely managed one for $1.6 million, co-managed two for $43.5 million and ran the books for two for $20.4 million.

Debt financings: The company solely managed five for $17.4 million.

Mergers & acquisitions: First of Michigan was involved in two deals in 1983 for $12.4 million.

Private placements: The total volume of placements was $28.7 million in 1983. The largest single placement was for $10.1 million.

David H. Callaway is chairman; John G. Martin is president and chief executive officer.

Furman Selz Mager Dietz & Birney Inc.

110 Wall St., New York, N.Y. 10005; (212) 747-0775

Furman Selz Mager Dietz & Birney has 58 professionals in one office. It has total capital of $18.4 million and excess capital of $8.7 million. It is privately held.

Equity financings: Furman Selz solely managed eight deals for $77.5 million, co-managed two for $40.9 million and ran the books for nine totaling $93.5 million.

Senior management members include Edmund A. Hajim, chairman of the board; Bernard Selz, chief operating officer; and Roy Furman, president and chief executive officer.

g

Goldman, Sachs & Co.

85 Broad St., New York, N.Y. 10004; (212) 902-1000

Goldman, Sachs & Co. has 1,294 professionals in 16 offices. Its domestic affiliate is Goldman Sachs Money Markets Inc. and its international affiliate is Goldman Sachs International Corp. Its total capital is $712 million. The privately held firm has excess capital of $512 million.

Equity financings: Goldman, Sachs solely managed 42 issues in 1983 for $2.54 billion, co-managed 30 for $4.1 billion and ran the books for 33 for $2.1 billion.

Debt financings: The firm solely managed 16 for $1.6 billion, co-managed 60 for $8.2 billion and ran the books for 46 for $5 billion.

Mergers & acquisitions: The 37 professionals in the department, headed by Geoffrey T. Boisi, partner, handled 75 deals in 1983.

Leveraged buy-outs: The three professionals in the department completed five deals in 1983 for a volume of more than $350 million. Alfred C. Eckert III is the department head.

Private placements: The firm's total volume of private placements in 1983 was $4.5 billion. The department is headed by David A. George.

John L. Weinberg and John C. Whitehead are the co-chairmen.

Gradison & Co. Inc.

580 Building, Cincinnati, Ohio 45202; (513) 479-5935

This privately held firm has total capital of $8 million and has 70 employees in one office.

Mergers & acquisitions: Gradison claims special expertise for this department, which is headed by Frank J. Andress, senior vice president.

Leveraged buy-outs: This department is headed by John Court, vice president.

Private placements: Donald J. Feldman, assistant vice president, heads this department. Senior management includes Donald E. Weston, chairman; David W. Ellis, president; and Frank J. Andress, senior vice president-corporate finance.

h

Herzfeld & Stern Inc.

30 Broad St., New York, N.Y. 10004; (212) 480-1800

Herzfeld & Stern has total capital of $100 million and has 350 employees in 13 offices.

Equity financings: The firm solely managed five issues valued at $27.5 million in 1983.

Mergers & acquisitions: Richard Lewisohn III, senior vice president, heads this department of two professionals.

P. Thomas Cohen and Steven A. Seiden are co-chairmen of the firm.

j

Jefferies & Co. Inc.

650 Fifth Ave., New York, N.Y. 10019; (212) 974-8666

Jefferies & Co., a publicly held company, has total capital of $50 million. It employs 150 professionals in six offices. Jefferies' domestic affiliate is W & D Securities Inc. Its average corporate client has revenues of $150 million. The company says its special expertise is in equity and equity-related public and private financings.

Equity financings: Jefferies solely managed three equity deals totaling $45 million and co-managed four, for $62 million last year.

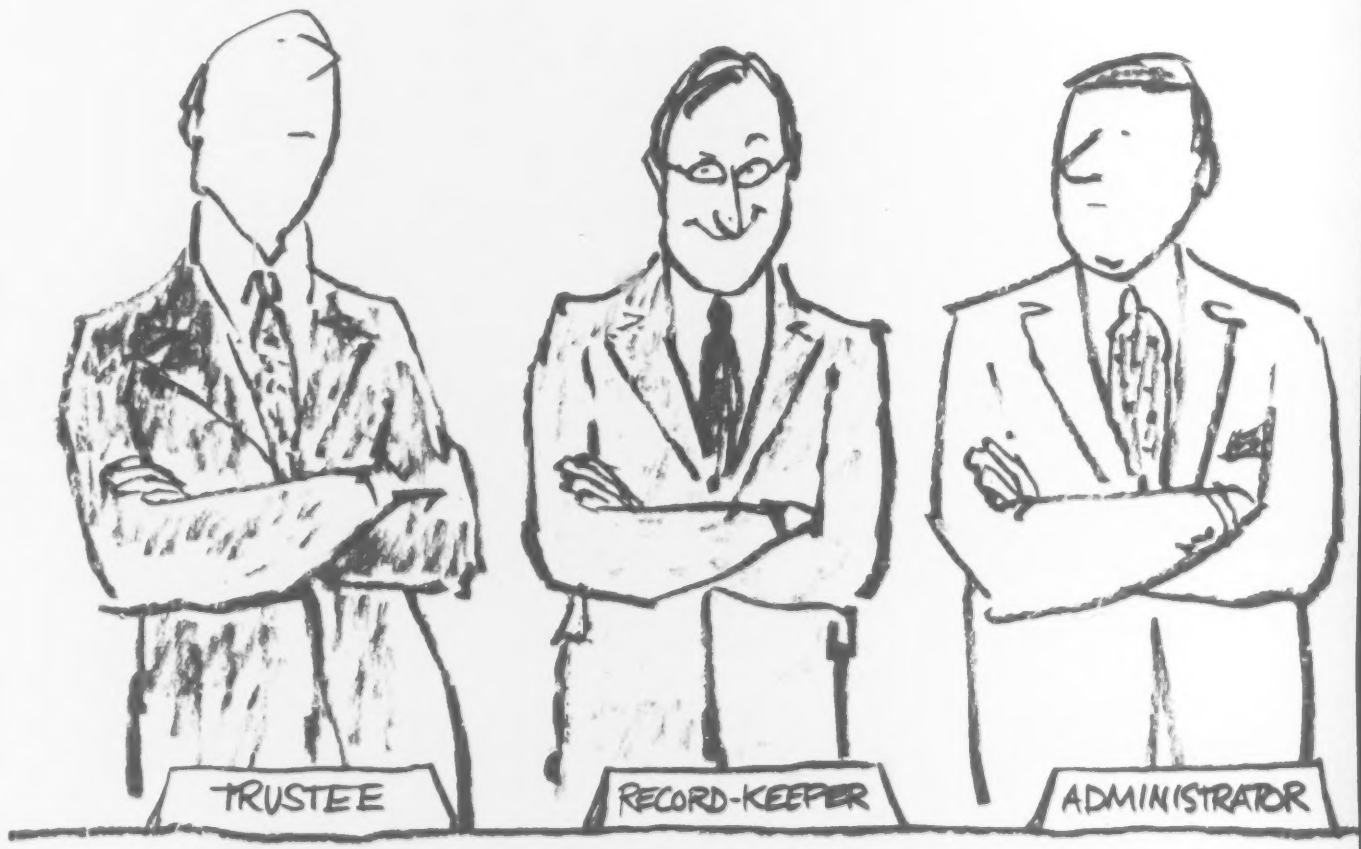
Ronald Alghini is president and Michael C. Singer is senior vice president.

Johnson, Lane, Space, Smith & Co. Inc.

5730 Glenridge Drive, Atlanta, Ga. 30328; (404) 256-5151

With total capital of $8.1 million, this firm has excess capital of $3.8 million. It employs 150 professionals in 16 offices, and describes its special expertise as capital formation for small and medium-sized emerging companies.

Equity financings: Johnson, Lane solely managed four 1983 deals for $19.9 million and co-managed one,



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which raised $12.1 million.

Debt financings: In 1983, it raised $6 million in a solely managed debt financing.

Leveraged buy-outs: It had a $12 million deal in 1983. The department has five professionals under Philip P. Davis, senior vice president.

Private placements: Johnson, Lane raised $35 million in private placements in 1983 with the largest single deal being $27.5 million. Mr. Davis heads the department.

David T. Johnson is president of the firm.

k

Kidder Peabody & Co.

10 Hanover Square, New York, N.Y. 10005; (212) 747-2000

Kidder Peabody is a privately held company with total capitalization of $223.3 million and excess capital of $59.6 million, as of Nov. 30, 1983. It has 5,514 employees in 73 offices. Financial affiliates and subsidiaries include Kidder Peabody Realty Corp., Webster Management Corp., and Financial Counselors Inc.

Equity financings: Solely managed deals in 1983 totaled 30 for $775.3 million. The firm co-managed 70 deals for $3.045 million, and ran the books on 72 for $2,291 million. It participated in a total of 795 equity deals that raised $32.4 billion.

Debt financings: Solely managed deals totaled two worth $175 million. Co-managed deals totaled 80 for $9.9 billion, and the firm ran the books for 16 deals totaling $1.5 billion.

Mergers & acquisitions: Kidder participated in 56 merger and acquisition transactions worth more than $9 billion in 1983, including the Diamond Shamrock/Natomas deal. Peter D. Goodson, vice president, heads the department.

Leveraged buy-outs: Kidder participated in 16 leveraged buy-outs worth more than $1.9 billion in 1983.

Private placements: Kidder's total private placement volume in 1983 was $1.6 billion, with the largest single deal being $196 million. J. Barton Goodwin, vice president, head the department.

Ralph D. DeNunzio is president, chief executive officer and chairman of the management committee. Robert F. Goldhammer is vice president and vice chairman of the management committee. John T. Roche is vice president and chief operating officer.

John G. Kinnard & Co. Inc.

1700 Northstar Center, Minneapolis, Minn. 55402; (612) 370-2718

John G. Kinnard & Co. has total capital of $1.7 million and excess capital of $1.6 million. It employs 187 professionals in 17 offices and says its special expertise is in emerging growth companies.

Equity financings: Kinnard & Co. solely managed five financings that raised $18 million in 1983. It co-managed two others that raised $3 million. Its total equity participations were seven raising $21 million.

Private placements: Kinnard had one deal for $700,000 in 1983.

William H. Spell, manager-corporate finance, is head of the mergers and acquisitions, leveraged buy-out and private placement departments.

Howard V. O'Connell is president and chief executive officer and Robert Moffatt is manager-fixed income.

l

Cyrus J. Lawrence Inc.

115 Broadway, New York, N.Y. 10006; (212) 962-2200

Cyrus J. Lawrence has one office. Its total capital is $14.6 million; excess capital is $9.7 million. The privately held company, which has expertise in institutional sales and research, has one office.

Mergers & acquisitions: The department has four professionals.

Leveraged buy-outs: There also are four professionals in this department.

Terry L. Nagelvoort, senior vice president, is head of the mergers and acquisition, leveraged buy-out and private placement departments.

Senior management includes James E. Moltz, chairman and chief executive officer; Charles T. Maxwell, vice chairman of the board; Gene Apruzzi, executive vice president and treasurer; and Suydam Van Zandt Schreiber, executive vice president.

Lehman Brothers Kuhn Loeb

55 Water St., New York, N.Y. 10041; (212)558-1500

Lehman Brothers Kuhn Loeb has more than 2,500 employees in eight domestic and two foreign offices. The firm failed to return the questionnaire by the deadline.

According to the most recent Securities Industry Yearbook, Roger Altman, Vincent Mai and Francoise de St. Phalle head a professional staff of 181 in corporate finance.

According to data from Securities Data Corp., LBKL ranked 10th in common stock volume in 1983 when full credit was given to each manager and co-manager with 58 issues for $3.1 billion. It also ranked 10th when credit was given only to the lead manager, with 36 issues for $1.3 billion.

Lewis L. Glucksman replaced Peter G. Peterson as chairman and chief executive officer when Mr. Peterson decided to pursue other interests. Robert S. Rubin is president.

m

Merrill Lynch & Co.

1 Liberty Plaza, 165 Broadway, New York, N.Y. 10080; (212) 637-7455

Merrill Lynch, a publicly held company, has total capital of $1.9 billion. It has 850 offices. Its domestic financial affiliates are Merrill Lynch Individual Services, Merrill Lynch Capital Markets, Merrill Lynch Real Estate & Insurance Group. It has global capabilities.

Equity financings: The firm solely managed 46 issues in 1983 for $1.5 billion, ran the books for 65 issues for $3.7 billion and co-managed 63 for $7.1 billion.

Debt financings: The firm solely managed 37 debt financings for $2.5 billion, ran the books for 33 issues for $3.4 billion and co-managed 86 issues for $10.7 billion.

Mergers & acquisitions: The firm handled 23 deals for $3.8 billion in 1983. There are 34 professionals in the department, which is headed by Kenneth H. Miller, managing director. The largest deal involved Goodyear Tire & Rubber for $825 million.

Leveraged buy-outs: The firm handled two deals for $2.1 million in 1983. Robert Mancusco, managing director, is department head.

Private placements: The firm has more than 500 active institutional relationships. The largest private placement in 1983 was for $511 million. The department is headed by Jerome P. Greene, managing director.

Senior management includes Roger E. Birk, chairman, and William A. Schreyer, president.

Mesirow Financial Services

135 S. LaSalle St., Chicago, Ill. 60603; (312) 443-5757

Mesirow Financial Services, a subsidiary of Mesirow and Co., has 110 employees in two offices. Its total capital is more than $10 million. The firm's domestic affiliates include Mesirow and Co., Mesirow Capital Corp., MFS Capital Partners and MFS Capi-

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tal Partners II. The revenue of the average corporate client is between $30 million and $50 million.

Equity financings: The company solely managed three deals, for $5.5 million, in 1983.

Mergers & acquisitions: The four-professional department had one deal in 1983 for $5 million.

Leveraged buy-outs: Mesirow had two deals, totaling $15 million.

Private placements: Mesirow has 35 active institutional relationships. The total volume of placements last year was $8.5 million. The largest single placement was $3 million.

James C. Tyree, executive vice president, is in charge of the merger and acquisition, leveraged buy-out, private placement and corporate restructuring departments.

Montgomery Securities

600 Montgomery St., San Francisco, Calif. 94111; (415) 627-2000

Montgomery Securities is a privately held full-service investment banking firm with total capital of $15.5 million. Its 150 professionals claim special expertise in private and public offerings for companies in technology, health care and consumer services.

Equity financings: In 1983, the company solely managed three deals, raising $64 million; co-managed 17, raising $411 million; and ran the books for nine, raising $188 million. Its total equity participations numbered 29 for $663 million.

Debt financings: The firm co-managed four 1983 debt issues with a value of $139 million.

Mergers & acquisitions: Headed by Herbert C. Bradshaw, manager, this department participated in one deal of $52 million for Doric Foods in 1983.

Leveraged buy-outs: Mr. Bradshaw also is head of this department of two professionals.

Private placements: This department, headed by James I. Valentine, has 25 active institutional relationships. In 1983, it placed $134 million. The largest single private placement was $12 million.

The senior management of Montgomery Securities includes Thomas W. Weisel, senior partner, and Will K. Weinstein, managing partner and director of corporate finance.

Morgan Stanley

1251 Avenue of the Americas, New York, N.Y. 10020; (212) 974-4000

Morgan Stanley's total capital is $274 million, and excess capital is $82 million. The privately held company has 2,600 employees in seven offices. Its domestic financial affiliates are Morgan Stanley Asset Management, Morgan Stanley Realty Inc., Brooks Harvey & Co. Inc. and Morstan Development Co., Inc. Its international financial affiliates are Morgan Stanley Canada Ltd. and Morgan Stanley International.

According to Securities Data Corp., Morgan Stanley was lead manager for 49 equity issues totaling $4.1 billion in 1983. It was lead manager for 27 debt issues totaling $2.9 billion.

Mergers & acquisitions: The department is headed by Joseph G. Fogg, managing director.

Leveraged buy-outs: The department is headed by Scott C. Newquist, managing director.

Private placements: Stephan F. Newhouse, principal, is in charge of the department.

S. Parker Gilbert is chairman and Richard B. Fisher is president of the firm.

n

W.H. Newbold's Son & Co.

1500 Walnut St., Philadelphia, Pa. 19102; (215) 893-8000

W.H. Newbold's Son & Co. has 143 employees in 11 offices. It has total capital of $5.5 million, and excess capital of $4.1 million. Its domestic affiliate is Minton/Newbold's Capital Management.

Equity financings: Newbold co-managed one deal for $1.5 million. There was a total of 320 equity deals, for $48 million, in 1983.

Private placements: The total volume of placements in 1983 was $10 million. Paul Keleher, vice president, is department head.

Senior management includes Samuel W. Fleming III, chairman; Peter Bedell, president; and Harry K. Hiestand, executive vice president.

p

Paine, Webber, Jackson & Curtis Inc.

140 Broadway, New York, N.Y. 10005; (212) 437-2121

Paine, Webber has 227 domestic and seven foreign offices employing about 10,000 employees in its various units, which include Paine Webber Mitchell Hutchins Inc. and Blyth Eastman Paine Webber Inc., according to the most recent Securities Industry Year Book. The firm did not return the questionnaire by deadline.

According to Securities Data Corp. figures, Blyth Eastman Paine Webber ranked 13th in common stock volume in 1983 when full credit was given to each manager and co-manager with 47 deals worth $2.1 billion. When credit was given only to the lead manager Blyth Eastman Paine Webber ranked 12th with 33 deals worth $936 million.

Donald D. Marron is chairman, president and chief executive officer and Thomas M. Wendell is chief financial officer.

Parker/Hunter Inc.

4000 United States Steel Building, Pittsburgh, Pa. 15219; (412) 562-8000

Parker/Hunter Inc., a privately held regional investment banking firm, has capital of $6 million, excess capital of $5 million and employs 300 in 21 offices.

Equity underwritings: The firm solely managed one deal for $3.3 million in 1983.

Robert W. Kampmeinert, executive vice president, is head of the mergers and acquisitions, leveraged buy-out and private placement departments.

David W. Hunter, chairman, and J. Mahon Childs, president, head the firm.

Piper, Jaffray & Hopwood

733 Marquette Ave., Suite 800, Minneapolis, Minn. 55402; (612) 371-6095

Piper, Jaffray, a publicly held firm, has total capital of $43.2 million and excess capital of $20.6 million. It has 42 offices.

Equity financings: In 1983, Piper, Jaffray solely managed six deals, raising $42.5 million; co-managed seven deals, raising $238 million; and ran the books for seven, raising $54.8 million. There was a total of 897 equity participations, raising $318.9 million.

Debt financings: The firm solely managed five debt deals, raising $50.9 million and co-managed two deals for $100 million.

Harry C. Piper is chairman of the firm and Addison L. Piper is chief executive officer.

Prescott, Ball & Turben Inc.

1331 Euclid Ave., Cleveland, Ohio 44115; (216) 574-7300

Prescott, Ball and Turben, which is 80% owned by Kemper Corp., has 1,016 employees in 39 offices. Its total capital is $63.1 million; its excess capital is $15.8 million.

Equity financings: Prescott, Ball and Turben solely managed seven

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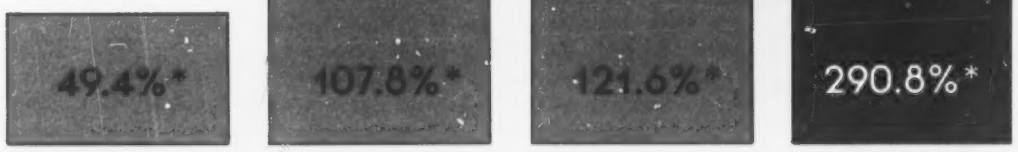

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* These figures show the total return as of 12/31/83 of investments made on 12/31/78. The figure for the CGMG represents the average of accounts managed during this period and includes reinvestment of all dividends. The figures for the S&P 500 and the Dow Jones Industrial Average — widely recognized indices of stock market performance (based on an unmanaged group of stocks) — include the reinvestment of all dividend distributions. These figures are not necessarily an indication of future results.

deals in 1983 for $38.6 million, co-managed seven for $49.7 million and ran the books for nine for $50.5 million. It had total equity participations of 860 for $257.2 million.

Debt financings: There was one solely managed deal for $20 million during the year.

Senior management includes John H. Goldsmith, president; Lawrence G. Kirshbaum, Joseph M. Hickey Jr. and Richard K. Howe, executive vice presidents and directors.

Prudential-Bache Securities Inc.

100 Gold St., New York, N.Y. 10292; (212) 791-1000

Prudential-Bache Securities, a subsidiary of The Prudential Insurance Co. of America, has 105 employees in seven offices. Its total capital is $494 million and its excess capital is $81 million.

Equity financings: The company solely managed 26 deals for $658 million, co-managed 27 for $1.5 billion and ran the books for 19 for $591.8 million. The firms total equity participation was 835 deals for $448.1 million.

Debt financings: Pru-Bache solely managed eight for $350 million, co-managed 25 for $2.3 billion and ran the books for seven for $305 million.

Mergers & acquisitions: Fifteen professionals staff the department headed by Robert W. Wiliard, managing director.

The department had 21 deals in 1983, the largest involving Albany International (LBO).

Leveraged buy-outs: The staff of 15 professionals handled eight deals in 1983. Mr. Willard also heads this department.

Private placements: The total volume of private placements during 1983 was $816 million. The largest single placement was for $148.5 million. The department head is Douglas S. Johnston, vice president.

Senior management includes George L. Ball, president and chief executive officer; Virgil H. Sherrill, vice chairman; and Peter A. Bernard, executive vice president.

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R

Rauscher Pierce Refsnes

2500 North Tower, Plaza of the Americas, Dallas, Texas 75201; (214) 748-0111

Rauscher Pierce is a unit of Interregional Financial Group Inc., a publicly held financial services company. Affiliated firms include Dain Bosworth Inc. and Investment Advisors Inc.

The firm has capital of $20 million and employs 500 in 30 offices.

Equity financing: Rauscher Pierce solely managed one issue for $3.5 million in 1983 and co-managed seven for a total of $191.7 million. It ran the books on two for $13.4 million.

Debt financings: The firm co-managed two debt offerings for a total of $37.5 million

John H. Rauscher Jr., chairman of the board, David A. Smith, chief executive officer and Donald W. Hodges, president, are the firm's senior management.

Raymond, James & Associates Inc.

1400 66th St. N., St. Petersburg, Fla. 33710; (813) 381-3800

Raymond, James & Associates, which has 130 offices, has capital of $11.5 million and excess capital of $10.6 million. Its affiliates include Robert Thomas Securities Inc., Investment Management & Research Inc., and GeoVest Energy Inc. It says its special expertise is research and investment banking for small and medium-sized growth companies.

Equity financings: It solely managed four equity deals for $30 million in 1983. It was involved in a total of 384 deals for $83 million.

Mergers & acquisitions: This department, headed by George Hamilton, vice president, was involved in three deals totaling $31 million in 1983. The largest was for $22 million.

Marc Perkins, vice president, heads the leveraged buy-out department, Robert McKown, vice president, heads the private placement department, Robert Miller, vice president, heads the corporate restructuring department and Richard Jones, senior vice president, leads project financing.

Thomas A. James is president and Francis S. Godbold is executive vice president.

Dean Witter Reynolds Inc.

130 Liberty St., New York, N.Y. 10006; (212) 524-2222

Dean Witter Reynolds, a subsidiary of Sears, Roebuck & Co., has total capital of $8.8 billion and is publicly held. Among its domestic affiliates are Sears Savings Bank, Sears Mortgage Co., Allstate Insurance and PMI. Its international affiliate is Dean Witter Over Seas Corp. It has 145 employees in 6 offices. The revenue of the average corporate client is more than $200 million.

Equity financings: In 1983, the firm's financings included 17 solely managed for $226.8 million; 44 co-managed for $1.9 billion; and 25 for which the company ran the books for $568.2 million.

Debt financings: Its debt financings included 116 solely managed for $1.1 billion and 136 co-managed for $2.7 billion.

Mergers & acquisitions: Dean Witter Reynolds has 11 professionals in the department, which completed 11 deals in 1983 for $1.9 million. The largest deal was the Lanier/Harris Common Stock merger. Edwin Wells, executive vice president, is the department head.

Leveraged buy-outs: The department has three professionals who carried out three deals in 1983 for a volume of $293 million. Robert Davis, managing director, is head of the department.

Private placements: Angus Green, managing director, is in charge of this department, which has 39 active institutional relationships and had a total of $1.2 billion in placements for 1983.

M. William Benedetto is executive vice president and manager of corporate finance; Mr. Gartland is the managing director of corporate finance; and Mr. Wells is the executive vice president.

L.F. Rothschild, Unterberg, Towbin

55 Water St., New York, N.Y. 10041; (212) 425-3300

L.F. Rothschild, Unterberg and Towbin has 658 employees in 13 offices. Its total capital is $154.9 million and excess capital is $67.4 million. Its international affiliates include L.F. Rothschild, Unterberg, Towbin International and Charterhouse J. Rothschild.

Equity financings: The company solely managed 19 for $384.6 million, co-managed 47 for $1.8 billion and ran the books for 58 for $1.9 billion.

Debt financings: It solely managed five for $170.5 million, co-managed three for $180 million and ran the books for six for $220.5 million.

Mergers & acquisitions: Bruce A. Mann, managing director, heads this department of five professionals. It completed nine deals in 1983 for $450 million. The largest deal was the Universal Health acquisition of Qualicare.

Senior management includes Thomas I. Unterberg, chairman; Stephen Kovacs, president; Walter W. Hess Jr. and A. Robert Towbin, vice chairmen; and Matthew P. Deane, executive vice president.

S

Salomon Brothers Inc.

1 New York Plaza, New York, N.Y. 10004; (212) 747-7000

Salomon Brothers, a subsidiary of Phibro-Salomon, has 1,300 employees in eight offices. Its total capital is $1.1 billion. Its excess capital is $378.7 million.

Equity financings: Salomon Bros. solely managed 20 underwritings for $643.9 million, co-managed 42 for $5.1 billion and ran the books for 51 issues for $4.2 billion.

Debt financings: It solely managed 22 debt issues for $2.4 billion, co-managed 77 for $10.8 billion and ran the books for 80 for $8.6 billion during 1983.

Mergers & acquisitions: There are 15 professionals in the department, which completed 51 deals worth $14 billion in 1983. The largest deal was the acquisition of Santa Fe by Southern Pacific. Jay F. Higgins, managing director, is department head.

Private placements: The total volume of private placements in 1983 was $5.8 billion. The department head is Warren M. Foss Jr., managing director.

John H. Gutfreund is chairman and chief executive officer. Managing directors on the executive committee are Gedale B. Horowitz, Henry Kaufman, James L. Massey, Lewis S. Ranieri, Richard J. Schmeelk, Thomas W. Strauss and William J. Voute.

Smith Barney, Harris Upham & Co.

1345 Avenue of the Americas, New York, N.Y. 10105; (212) 399-6000

Smith Barney has 85 domestic and five foreign offices.

According to figures compiled by Securities Data Corp., Smith Barney ranked 14th in equity financings in 1983 when credit was given only to lead managers, with 28 deals for $876 million. Smith Barney did not return the *Pensions & Investment Age* questionnaire by the deadline.

Robert A. Powers, chairman of the board; John A. Orb, president and chief executive officer; and Robert B. Kane, chief financial officer, head the company's management.

Stern Brothers & Co.

P.O. Box 13486, Kansas City, Mo. 64199; (816) 471-6460

Stern Brothers & Co.'s total capital is $57 million. Excess capital is $28.7 million. The privately held company has 52 employees and six offices.

Equity financings: The firm solely managed three issues in 1983 for $14 million. It participated in a total of 81 issues for $17.4 million.

Senior management includes Richard J. Stern, president; Clay E. Coburn, executive vice president; and Bill T. Wall, executive vice president.

Sutro & Co. Inc.

201 California St., San Francisco, Calif. 94111-5097; (415) 445-8500

Sutro & Co., a privately held company, has total capital of $17.5 million. It employs 14 professionals in investment banking in 22 offices.

Equity financings: Sutro solely managed two financings of $14 million in 1983 and co-managed four for $75 million. It ran the books on four for $17 million. It participated in 710 offerings.

Mergers & acquisitions: Headed by Roger P. Kuppinger, senior vice president, this department participated in three deals for $30 million in 1983.

Leveraged buy-outs: Charles D. Murphy III, senior vice president, heads this department which participated in one deal for $15 million.

Private placements: Leonard A. Yerkes, senior vice president, and his department placed $15 million in 1983. It has 30 active institutional relationships.

Ross L. Cobb, is chairman and chief executive officer, and Robert L. Woodberry is president.

T

Thomson McKinnon Securities Inc.

1 New York Plaza, New York, N.Y., 10004; (212) 482-7000

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total capital is $205 million, and excess capital is $128 million. The privately held firm has 2,598 employees in 140 offices. Its domestic financial affiliate is Realty World. Its international financial affiliates include Thomson McKinnon International S.A., Belgium; Thomson McKinnon International Ltd., London; and Thomson McKinnon International S.A.R.L., Paris.

Equity financings: The firm solely managed three issues in 1983 for $50 million, ran the books for five issues for $65 million and co-managed four issues for $60 million.

Mergers & acquisitions: The firm handled five deals in 1983. There are five professionals in the department, which is headed by William J. Gilliam, managing director.

Leveraged buy-outs: This department is headed by James D. Dunning Jr., senior vice president and director of corporate finance.

Private placements: Mr. Dunning also heads this department. The largest private placement in 1983 was $21.5 million.

J. Ronald Morgan is chairman of Thomson McKinnon and Philip Fahey is president.

Tucker, Anthony & R. L. Day

120 Broadway, New York, N.Y. 10271; (212) 618-7400

Tucker, Anthony, a subsidiary of John Hancock Mutual Life Insurance Co., has total capital of $20 million and employs 350 in 34 offices.

It says it has special expertise in middle-market financings, private placements, mergers and defeasance.

Equity financings: Tucker, Anthony solely managed one equity deal for $12.1 million in 1983, and co-managed six for $145 million.

Debt financings: It co-managed one deal for $25 million in 1983.

Mergers & acquisitions: Kenneth N. Davis Jr., vice president, heads this new department.

Private placements: E.W. Morris Jr., vice president, heads this department, which was involved in placements totaling $23 million in 1983.

K.D. Mann Jr., managing director and Mr. Morris head the firm.

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W

Wheat, First Securities Inc.

701 E. Main St., Richmond, Va., 23219; (804) 649-2311

Wheat First has 1,128 employees in 52 offices. It has total capital of $18.2 million and is privately held. Among its affiliates is Wheat Investment Advisors.

Equity financings: Six solely managed for $98.6 million in 1983; nine co-managed for $351.9 million; and seven for which the company ran the books for $101.1 million.

Debt financings: Seven solely managed for $81.3 million; six co-managed for $191.6 million; and 10 for which the company ran the books for $148 million.

Mergers & acquisitions: Two deals for $13.8 million.

Leveraged buy-outs: One deal for $23 million.

James C. Wheat Jr. is chairman and F. Carlyle Tiller is president.

Pensions & Investment Age will publish its annual directory of investment advisers April 30.

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Z

B.C. Ziegler & Co.

215 N. Main St., West Bend, Wis. 53095; (414) 334-5521

This publicly held firm has total capital of $27.4 million and employs 60 professionals in 26 offices.

It says its specialty is underwriting and distribution of debt securities.

Debt financings: In 1983 it solely managed 56 deals, which raised a total of $518 million.

R.D. Ziegler is president and chief executive officer and J.G. McCollow is executive vice president and general counsel.

Commercial banks

a

American Bank and Trust Co. of Pennsylvania

35 N. Sixth St., Reading, Pa. 19601; (215) 320-2000.

American Bank and Trust Co., which is privately held, has total assets of $2.75 billion and a legal lending limit of $19 million. It has loans outstanding totaling $1.6 billion.

Commercial loans: Loans originated in 1983 totaled $150 million. All of the loans were domestic. There are 26 professionals in the department, which is headed by William E. Snell Jr., senior vice president.

International finance: The bank had six foreign clients in 1983. There are four professional in this department which is headed by James Nannos, vice president at (215) 854-3170.

Debt services: The bank can help a client float a debt issue, assist in direct placement and offer syndication advice.

American National Bank & Trust Co. of Chicago

33 N. LaSalle St., Chicago, Ill. 60690; (312) 661-5000

American National Bank & Trust Co. of Chicago has total assets of $3 billion and a legal lending limit of $26 million. It has loans outstanding totaling $1.6 billion.

Its major domestic financial affiliate is American National Corp. The bank has two branches outside the United States: London and the Cayman Islands.

Commercial loans: There are 50 professionals in this department, which is headed by Ronald J. Grayheck, senior executive vice president, at (312) 661-5875.

International finance: There are 10 professionals in this department, which is headed by Michael Hagen, vice president, at (312) 631-6189.

American Securities Corp.

1501 Pennsylvania Ave. N.W., Washington, D.C. 20013; (202) 624-4000

American Securities Corp., is the publicly held holding company for American Securities Bank. It has total assets of $3.7 billion and a legal lending limit of $35 million. Total loans outstanding of the bank as of Dec. 31 were $1.7 million. It has one branch outside the United States: Nassau, Bahamas. It has four professional employees in corporate finance. Its domestic financial affiliate is ASB Capital Management Inc. Its international financial affiliate American Securities Bank International in Miami.

Private placements: The department is headed by Jeffrey T. Griffin, group vice president, at (202) 624-4843. It has five active relationships and totaled $15 million in domestic placements for 1983. The largest private placement during the year was $4.7 million.

Corporate financial planning: Mr. Griffin also heads this department of two professionals. It had seven relationships in 1983.

Commercial loans: The department is headed by Walter W. Vaughan, executive vice president, at (202) 624-4654.

International finance: G. Stimson Eveleth, senior vice president, is the department head at (202) 624-4324.

Debt and equity services: The bank can help clients float debt issues. It can assist in direct placement of debt and equity issues and also can offer syndication advice for debt and equity.

AmeriTrust Co.

900 Euclid Ave., Cleveland, Ohio 44101; (216) 687-5000

AmeriTrust has total assets of $5,684 million. Its legal lending limit is $80 million. The bank has one branch outside the United States, in Nassau.

Commercial loans: Benjamin H. Paddock, executive vice president, (216) 687-2760, heads this department of 489 professionals.

Leasing: Charles J. Berkey, vice president, (216) 687-2796, heads this department of 11 professionals.

AmeriTrust also offers transportation management, stock transfer and cash management services.

b

Bancorp Hawaii Inc.

P.O. Box 2900, Honolulu, Hawaii, 96846; (808) 537-8111

Bancorp Hawaii has total assets of $3.4 billion and a legal lending limit of $20 million. As of Dec. 31, it had loans outstanding totaling $1.8 billion.

Bancorp Hawaii nine branches outside the United States in Nassau, Manila, Guam, American Samoa, Ponape, Koror, Saipan, Yap and Kwajalien. Its international financial affiliates are Bank of Hawaii International New York, Banque de Tahiti, Bank of Tonga, Banque de Nouvelle Caledonia and Pacific Commercial Bank (Western Samoa).

Private placements: This department has 70 active client relationships. In 1983, total volume raised was $1.46 billion. Of that, $150 million was in domestic markets and $1.3 billion was in Euro-markets. The largest private placement in 1983 was $20 million. Sam Eastabrooks, senior vice president, is the department head, at (808) 537-8111.

Corporate financial planning: This department of three professionals is headed by Thomas Kappock, senior vice president, at (808) 537-8386.

Commercial loans: In more than 108,000 transactions, this department lent $1.97 billion in 1983. Of that total, domestic loans comprised $1.6 billion. The department head is Dennis Kam, senior vice president, at (808) 537-8111.

Commercial paper: In 1983, the total value of commercial paper issed was $444 million. Richard Dahl, senior vice president, is the department head.

Leasing: In 1983, the bank was involved in 368 leasing transactions worth a total of $24 million. The department head is Gary Osterman, executive vice president, at (808) 537-8111.

International finance: In 1983, Bancorp had 300 foreign clients. Mr. Eastabrooks also heads this department.

Bank of New England

28 State St., Boston, Mass. 02109; (617) 742-4000

The Bank of New England has total

assets of $3.5 billion and a legal lending limit of $30 million. It has total loans outstanding of $2 billion.

Corporate financial planning: Thomas Rice, vice president, (617) 973-1661, heads this department. There are three professionals.

Commercial loans: This department originated 4,500 loans with a value of $500 million in 1983. Of the total, $425 million was domestic and $75 million was foreign. Richard P. Driscoll, executive vice president, (617) 973-1664 heads this department of 400 professionals.

Leasing: Eugene McCulloch, president, heads this department, which was involved in leasing transactions worth $75 million in 1983. There are 50 professionals.

International finance: Arthur Meehan Jr., executive vice president, (617) 973-4200, heads this department of 50 professionals.

The Bank of New York

48 Wall St., New York, N.Y. 10015; (212) 530-1784

The Bank of New York has total assets of $12.6 billion and a legal lending limit of $107.8 million. As of Dec. 31, it had loans outstanding totaling $8.1 billion.

Its major domestic affiliates are Bank of New York (Delaware), ARCS Mortgage Inc. and BNY Financial Corp. It has three branches outside the United States: London, Singapore and Cayman Islands. Its major international affiliates are Bank of New York International and Delfin BNY (Australia).

Private placements: In 1983, the volume of placements totaled $10 million — all domestic. The largest was $5 million. The department head is Martin Waldman, assistant vice president, at (212) 530-1784.

Corporate financial planning: In 1983, Bank of New York had four client relationships. There are two professionals in this department, which is also headed by Mr. Waldman.

Commercial loans: Gregory W. Spurr Jr., senior vice president, at (212) 530-3007, is the department head.

Leasing: In 1983, five leasing transactions had a total volume of $85 million. There are two professionals in this department, which is headed by Deborah E. Perkins, vice president, at (212) 530-1451.

International finance: Harvey Delapena Jr., senior vice president, at (212) 530-1291, is the department head.

c

Citibank

399 Park Ave., New York, N.Y. 10043; (212) 559-1000

Citibank has total assets of $134.6 billion. Its total commercial loans, net, in 1983 were $59.7 billion and its lease financing, net, totaled $1.8 billion.

At year-end 1983, Citibank's total capital was $9.6 billion.

Top management in charge of the investment banking functions include P.J. Collins, executive vice president-capital markets group; A.C. Howkins, executive vice president-capital markets group-global investment banking; and J.W. Stevens, capital markets group-global investment banking.

Continental Illinois National Bank and Trust Co. of Chicago

231 S. LaSalle St., Chicago, Ill. 60697; (312) 828-2345

Continental Illinois has total assets of $40.6 billion. As of Dec. 31, it had loans outstanding totaling $32 billion.

The parent company is Continental Illinois Corp. The parent company's other domestic financial subsidiaries are Continental Illinois Leasing Corp., Continental Illinois Venture Corp. and Continental Illinois Equity Corp. The bank has 23 branches outside the United States including Hong Kong, Japan, France, Germany, Greece, Switzerland and the United Kingdom.

U.S. capital markets: William L. Gunlicks, senior vice president, at (312) 828-4690, heads this department of 35 professionals.

Commercial loans: This department is headed by Edward S. Bottum, executive vice president, at (312) 828-6544.

Commercial paper: There are 20 professionals in this department, which is headed by Michael O. Rigg, senior vice president, at (312) 828-7259.

Leasing: There are 66 professionals in this area, which is headed by Bernard J. McKenna at (312) 828-7400.

International capital markets: Continental Illinois Ltd. handles this area. It has 51 professionals and is headed by William A. Page, managing director, in London at 01-236-5292.

Debt and equity services: The bank can help clients float debt and equity issues. It also can assist in direct placement and offer syndication advice for debt and equity.

f

Fidelity Bank

Broad & Walnut Street, Philadelphia, Pa. 19109; (215) 985-6000

Fidelity Bank has total assets of $4.7 billion and a legal lending limit of $25 million. As of Dec. 31, it had total loans outstanding of $1.8 billion.

Fidelcor Inc. is the parent firm. Its major domestic financial affiliates are Fidelity Bond & Mortgage Co., Southeast National Bank, Trefoil Capital Corp. and Latimer & Buck Inc. Its major international financial affiliate is Fidelity International Bank, New York City. The bank has two branches outside the United States: London and Nassau.

Corporate services the bank offers are commercial loans, international finance and debt and equity services through its real estate affiliates.

The First National Bank and Trust Co. of Oklahoma City

120 N. Robinson, Oklahoma City, Okla. 73102; (405) 272-4000

The First National Bank and Trust Co. of Oklahoma City has total assets of $2.6 billion and a legal lending limit of $24 million.

It has one branch outside the United States, Cayman Island.

Commercial loans: The 2,101 loans originated in 1983 had a total value of $816 million. The department is headed by Houston Huffman, senior vice president.

Commercial paper: The bank originated commercial paper, worth $211 million, for one company. The department is headed by Lou Davis, senior vice president.

International finance: The bank had seven foreign clients in 1983. There are four professionals in this department, which is headed by S.V. Brumley, vice president, at (405) 272-4283.

Fleet National Bank

111 Westminster St., Providence, R.I. 02903; (401) 278-6000

The bank has total assets of $4.9 billion.

Fleet Financial Group is the parent firm. The bank's major domestic financial affiliates are Fleet Credit Corp., Fleet Mortgage Corp., Fleet Finance-N.J., Fleet Finance-Ga. and Bankers Mortgage Corp. It also has an international financial affiliate, Fleet Finance Asia Ltd. The bank has four branches outside the United States: London, Hong Kong, Grand Cayman and Curacao.

Private placements: Roger Peterson, senior vice president, at (401) 278-6307, is the department head.

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Exceptional Ethyl

Ethyl

Corporate financial planning: Karen L. Coates, assistant vice president, (401) 278-5858, heads this department of three professionals.

Commercial loans: There are 50 professionals in this department, which is headed by George P. Clayson, executive vice president, at (401) 278-6255.

Commercial paper: In 1983, the bank originated commercial paper for five companies for a total value of $4 billion. There are two professionals in this department, which is headed by Edward B. Cassasa, vice president, at (401) 278-6953.

Leasing: In 1983, Fleet Credit Corp. was involved in 1,185 leasing transactions, which had a volume of $125 million. Arthur M. Loewenthal, at (401) 278-6911, is president of Fleet Credit.

International finance: The bank had 232 foreign clients in 1983. The department is headed by Robert J. Higgins, executive vice president, at (401) 278-5778.

Debt and equity services: The bank can act as an agent in private placements of debt and equity issues. It can assist privately in direct placement of debt and equity issues and also can offer syndication advice for debt and equity.

h

Harris Trust and Savings Bank

111 W. Monroe St., P.O. Box 755, Chicago, Ill. 60690; (312) 461-2121

Harris has total assets of $6.9 billion and a legal lending limit of $32 million. Its loans outstanding total 33.7 billion. It has branch offices in London, Nassau and Singapore.

Private placements: Peter D. Morris, vice president, (312) 461-5688, heads this division, which had a 1983 volume of $87 million — all domestic — and maintains 65 active relationships. The largest single placement in 1983 was $7 million.

Corporate financial planning: Mr. Morris also heads this division, which has 10 professionals and had 17 active relationships in 1983.

Commercial loans: Ben T. Nelson, executive vice president, (312) 461-5055, heads a department of 158 officers.

Leasing: Mr. Morris heads this division, which was involved in 28 transactions involving $14 million in 1983.

International lending: Robert E. Vanden Bosch, senior vice president, (312) 461-3737, heads this area, which had 600 foreign clients in 1983.

Debt and equity services: Harris can help float a debt issue, help with direct placement of debt and offer syndication advice for debt.

Huntington National Bank

Suite 600, 17 S. High St., Columbus, Ohio 43215; (614) 469-7000

Huntington has total assets of $4.1 billion and a legal lending limit of $30 million. As of Dec. 31, it had loans outstanding totaling $2.1 billion.

The parent firm is Huntington Bancshares Inc.

There are 52 professional employees in corporate finance.

Corporate financial planning: There are four professionals in this department.

Commercial loans: Loans originated by the 15 professionals in this department in 1983 had a total value of $855 million, of which $790 million was domestic. Frank Bozick, senior vice president, at (614) 469-7606, heads the department.

Commercial paper: 1983 commercial paper issuance totaled $46 million. This department is headed by Don Stuhldreher, executive vice president, at (614) 469-6293.

Leasing: Last year, the bank was involved in 111 leasing transactions, which had a total volume of $20.3 billion. There are seven professionals in this department, which is headed by David Skomorowski, vice president, at (614) 469-6436.

International finance: There are 17 professionals in this department, which is headed by Phil Freeman, senior vice president, at (614) 469-6569.

i

Irving Trust Co.

1 Wall St., New York, N.Y. 10015; (212) 487-2121

Irving Trust has total assets of $16.5 billion and a legal lending limit of $155 million. As of Dec. 31, it had loans outstanding totaling $9 million. Irving Bank Corp. is the parent firm.

Its major domestic financial affiliates include the Hayes National Bank, the Bank of Lake Placid, Endicott Trust Co. and Union National Bank. Its major international financial affiliates include the Australian International Finance Corp.; Banco de Investimento Credibanco, Brazil; China United Trust and Investment Corp.; and Banco della Svizzera Italiana, Switzerland. The bank has 17 branches outside the United States.

Private placements: The department is headed by Vice Presidents Robert P. Sibert at (212) 487-2526 and Philip K. Chamberlain (212) 487-2546. The total volume of placements for 1983 was $30 million and the largest single placement was for $13 million.

Corporate financial planning: There are seven professionals in this department, which is headed by Robert A. Bullington, vice president, at (212) 487-6193.

Commercial loans: There are more than 200 professionals in this department, which is headed by David M. Mace, president, (212) 487-5543; Philip D. Barksdale, executive vice president, (212) 487-2297; and Philip B. Smith, executive vice president, (212) 487-5300. The value of the loans originated in 1983 totaled $10.7 billion of which $5.6 billion was domestic and $5.1 billion was foreign.

Commercial paper: All Irving Trust bank lending officers are professionals. It acts as an agent only. The department head is Neal T. Maher, senior vice president, at (212) 487-3314.

Leasing: The department is headed by Michael R. Chalian, vice president and general manager, at (212) 922-5014. The total outstanding is $150 million.

International finance: The head of the department is Solmaz D. Ayarslan, vice president, at (212) 487-5466.

Debt and equity services: The bank can help a client float debt and equity issues. It can assist in direct placement of debt and equity and also offers syndication advice for debt and equity.

m

Manufacturers Hanover Trust

270 Park Ave., New York, N.Y. 10017; (212) 286-6000

Manufacturers Hanover Trust has total assets of $57.7 billion and loans outstanding totaling $42.5 billion.

Manufacturers Hanover Co. is the parent firm. Its major domestic financial affiliates are Manufacturers Hanover Corp., Manufacturers Hanover Mortgage Corp., Manufacturers Hanover Investment, Manufacturers Hanover Commercial and Manufacturers Financial Services Inc. Its major international financial affiliates are Manufacturers Hanover Ltd., Manufacturers Hanover Asia Ltd., Manufacturers Hanover Bank of Nordique and Manufacturers Hanover Bank of Canada. The bank has branches in 39 countries on six continents outside the United States.

Private placements: The department is headed by Timothy Sweet, vice president, at (212) 286-4212. The largest single placement in 1983 was for $15 million.

Leasing: There are 225 professionals in this department, which is headed by Karl M. Parrish, chairman of MH Leasing, at (212) 286-5858.

International finance: The department head is C. William Schroth, senior vice president and deputy general manager, at (212) 286-4280.

Debt and equity services: The firm can help clients float debt issues and equity issues. It assists in direct placement of debt and equity. It also offers syndication advice for debt and equity.

Mellon Bank

Mellon Square, Pittsburgh, Pa. 15230; (412) 234-4100

The bank has total assets of $20.9 billion and a legal lending limit of $152 million. It has loans outstanding totaling $11.6 billion.

Major domestic financial affiliates are Mellon Financial Service Corp. and Franklin Portfolio Associates. Its major international financial affiliate is Mellon Pictet International Management Ltd. The bank has five branches outside the United States: London, Tokyo, Hong Kong, Grand Cayman and Frankfurt.

Private placements: Johnathan Spatz, vice president, at (412) 234-7116, is the department head.

Corporate financial planning: James D. Roy, senior vice president, at (412) 234-4611, is the department head.

Commercial loans: Fredrich K. Beard, senior vice president, at (412) 234-4494, is the department head.

Commercial paper: E. Michael Caulfield, senior vice president, at (412) 234-4081, is the department head.

Leasing: Harry R. Leggett, (412) 234-5061, is the president of the leasing group.

International finance: Brendon Carroll, executive vice president, at (412) 234-5766, is the department head.

Mercantile Trust Co.

1 Mercantile Center, St. Louis, Mo. 63101; (314) 425-2525

Mercantile Trust has total assets of $3.4 billion and a legal lending limit of $34.6 million. As of Dec. 31, it had loans outstanding totaling $1.85 billion.

Mercantile Bank Corp. is the parent firm. Its major domestic financial affiliates are Mercantile Business Credit Inc. and Mercantile Custom Services Inc. Its major international financial affiliates are Mercantile Bank International and its South American regional office. The bank has one branch outside the United States: Grand Cayman.

Commercial loans: There are 120 professionals in this department, which is headed by Robert Blomquist, vice chairman, at (314) 425-2517.

Leasing: There are two professionals in this department, which is headed by Dean F. Bradley, vice president, at (314) 425-8111.

International finance: This department of 22 professionals is headed by Akbar Husaim, senior vice president, at (314) 425-8111.

Morgan Guaranty Trust Co.

23 Wall St., New York, N.Y. 10015; (212) 483-2323

Morgan Guaranty has total assets of $55.6 million and a legal lending limit of $550 million.

It has 18 foreign branches including Antwerp, Brussels, Frankfurt, Hong Kong, Milan, Paris, London, Singapore and Tokyo.

Private placements: Harry J. Roundell, senior vice president, (212) 483-3101, heads up the private placement department.

Commercial paper: The department head is Stephen C. Kirmse, vice president, at (212) 483-7721.

Leasing: This department is headed by Harry J. Roundell, senior vice president, at (212) 483-3101.

n

National Bank of Detroit

611 Woodward Ave. Detroit, Mich. 48226; (313) 225-1000

National of Detroit has total assets of $11.6 billion and a legal lending limit of $100 million. As of Dec. 31, it had loans outstanding totaling $4.9 billion.

Its four branches outside the United States are in London, Frankfurt, Tokyo and Toronto.

Its major financial affiliates include NBD Mortgage Co., Michigan Capital Service Inc., American Business Finance Inc. and Corporate Funding Inc.

Private placements: John S. Wells Jr., vice president, (313) 225-1257, is department head.

Corporate financial planning: William S. Bigelow, first vice president, (313) 225-2524, is department head.

Commercial loans: Donald M. Nowicki, first vice president, (313) 225-2794, heads this department.

Leasing: Mr. Wells is in charge of this area.

International finance: William R. Flynn, senior vice president, (313) 225-2457, is department head.

Debt and equity services: The bank says it can assist in the direct placement of debt and equity issues.

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National Westminster Bank
175 Water St., New York, N.Y. 10038; (212) 623-4000

National Westminster Bank USA has total assets of $7.5 billion and a legal lending limit of $70 million. As of Dec. 31, it had loans outstanding totaling $4.6 billion.

National Westminster Bank PLC is the parent firm. The bank has three representative offices outside the United States: London, Rio de Janeiro and Hong Kong.

Private placements: The department is headed by Richard Tunick, senior vice president.

Corporate financial planning: The department is headed by George Matson, executive vice president.

Commercial loans: The department is headed by Paul Klench, executive vice president, Allen Schreiber, executive vice president and L. Douglas O'Brian.

Commercial paper: The department is headed by Burt Clark, executive vice president.

Leasing: The department is headed by Brendan Doggan, senior vice president.

International finance: The department is headed by Colin Hood, executive vice president.

NCNB National Bank
NCNB Plaza, Charlotte, N.C. 28255; (704) 374-8990

The bank has total assets of $12.8 billion and a legal lending limit of $100 million. It has loans outstanding totaling $7 billion.

NCNB Corp. is the parent firm. In addition to the bank, its major domestic financial affiliates are NCNB National Bank of Florida, Transouth Financial Corp. and NCNB Financial Services.

Its major international financial affiliates are Carolina Bank Ltd, NCNB (Asia) Ltd. and NCNB-Spedley Ltd. The bank has three branches outside the United States: London, Hong Kong and on Cayman Island. It also has representative offices in Sydney, Sao Paulo and Johannesburg.

There are 17 professional employees in corporate finance.

Private placements: In 1983, total volume of placements was $50 million, divided evenly between domestic and European markets. The largest private placement in 1983 was for $15 million. There are 25 professionals in this department, which is headed by W.W. Walker Jr., senior vice president, at (704) 374-8430.

Corporate financial planning: The bank had 15 relationships in 1983. There are four professionals in this department, which is headed by S.E. Robinson, senior vice president, at (704) 374-5723.

Commercial loans: This department is headed by James B. Berry, executive vice president, at (704) 374-5855.

Commercial paper: There are six professionals in this department, which is headed by Craig N. Wardlaw, senior vice president, at (704) 374-5239.

Leasing: This department is headed by Peter S. Chalmers, senior vice president, at (704) 374-8960.

International finance: In 1983, the foreign clients numbered more than 100. There are 75 professsionals in this department which is headed by James B. Sommers, executive vice president, at (704) 374-5212.

Debt and equity services: The bank can assist in the direct placement of debt and equity issues and offer syndication advice on debt and equity. Other corporate services offered by the bank are mergers, acquisitions and divestitures, project finance, venture capital and currency and interest rate swaps.

Pensions & Investment Age will publish a special section on Taft-Hartley funds April 2. It will be an update on news and information affecting the jointly trusteed pension funds.

U

Union Bank
445 S. Figuera St., Los Angeles, Calif. 90051; (213) 236-5000

The bank has total assets of $7.9 billion.

Standard Chartered Bank PLC is the parent firm. Its major domestic financial affiliates are StanChart Business Credit, StanChart Export Services and Market Investment Services.

Private placements: The bank has six active client relationships. The department is headed by Richard L. Fausett, vice president and manager, at (213) 236-5661.

Corporate financial planning: Mr. Fausett also heads this department of three professionals.

Commercial loans: In 1983 9,740 loans were originated with a value of $3.2 billion. Of that amount, $2.5 billion was domestic. There are 202 loan officers in this department of the bank.

Robert H. Schoubye is chief credit officer and executive vice president, at (213) 236-5829.

Leasing: In 1983, the bank was involved in 18 leasing transactions for a total of $1.9 million. There are four professionals in this department, which is headed by R.A. Andreasen, vice president and manager, at (818) 304-1085.

International finance: In 1983, the bank had 395 foreign clients. There are 22 professionals in this department, which is headed by James R. Shoch II, senior vice president, at (213) 236-6794.

Debt and equity services: The bank can help float debt and equity issues.

It can assist in direct placement of debt and equity issues and also can offer syndication advice for debt and equity.

W

Wells Fargo Bank
420 Montgomery St., San Francisco, Calif. 94104; (415) 396-0123

The bank has total assets of $23.8 billion and a legal lending limit of $180 million. As of Dec. 31, it had loans outstanding totaling $17 billion.

Wells Fargo & Co. is the parent firm. Its major domestic financial affiliates are Wells Fargo Realty Advisors, Wells Fargo Mortgage Co., Wells Fargo Leasing Corp., Wells Fargo Business Credit and Wells Fargo Credit Corp.

Its major international financial affiliates are Wells Fargo Ltd., London; Wells Fargo Bank International; Wells Fargo Asia Ltd.; and Shanghai Commercial Bank.

The bank has seven branches outside the United States: London, Milan, Tokyo, Singapore, Hong Kong, Buenos Aires and Nassau.

Foreign market seminar slated

NEW YORK — A one-day seminar on international equity investing will feature a discussion by pension fund officers, money managers and consultants.

The seminar, scheduled for March 27 at the Vista International Hotel, is sponsored by the Institute of Chartered Financial Analysts.

Topics scheduled for discussion at the seminar include international diversification and investment objectives, performance measurement, securities analysis, global industry research and portfolio management.

For more information on the seminar, contact Dee Barron at (804) 977-6600. ■

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Class 1-B	75,000,000	11¾	February 25, 1996	May 25, 1990	
Class 1-C	250,000,000	12	August 25, 2001	June 25, 1996	
Class 1-D	50,000,000	12	February 25, 2014	December 25, 2013	

(1) To be determined at the time of sale in negotiated transactions or otherwise.

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DEAN WITTER REYNOLDS INC.

February 16, 1984

How to translate overseas returns

By Rick Nelson

PENSION FUNDS in the U.S. are showing a growing interest in international investing. However, before a plan sponsor selects an international manager and decides how to monitor investment performance, he should select performance benchmarks.

In the United States, the Standard & Poor's 500 stock index often is chosen as a bogey for portfolio performance.

International investors are presented with at least two choices for comparison in major overseas markets: the local market index, such as the Financial Times Actuaries All-Share Index in the United Kingdom and the Straits Times Industrial in Singapore, and the Capital International Perspective indexes.

The choice is not trivial. Indexes for the same country can differ for various reasons: returns might be capitalization-weighted or equally weighted; or the number of stocks or sectors might vary among indexes.

To the extent that the local index and the Capital International index might differ, perceptions of return and risk in a particular market might differ. Because indexes are a guide to the relative performance of management firms, these misconceptions could affect asset allocation and the assessment of performance.

For this article, the performance of some local market and Capital International indexes were compared for the 10-year period ended Dec. 31, 1982. The data was compiled from month-end price level indexes reported in the local currency.

First, consider what return characteristics make one index identical to another.

If the difference between two indexes on a month-to-month basis is taken, an average monthly difference of zero demonstrates similarity.

Because indexes are still free to vary in particular months, for two indexes to be exactly alike it is necessary that the difference be zero in any month. In other words, the volatility of monthly differences must equal zero. It then follows that the cumulative returns of the two indexes will be equal.

It is these characteristics — average monthly differences, volatility of differences and cumulative return — that can be used to analyze return similarities of the local market indexes and Capital International indexes.

Average monthly differences

The calculations of average monthly differences resulted in some surprises. In no country was the average monthly difference between the local market and Capital International statistically significant at the 95% level of confidence. The differences that existed were not large enough to conclude that one index consisently outperforms another.

The most useful statistic turned out to be the volatility of the monthly differences. The swing in differences between the two indexes actually addresses the question of how closely one index tracks another. The statistic combines information on the variability of each index, and the correlation between the two.

Tracking error

Volatility is calculated by taking the standard deviation of the return differences. This is called tracking error.

For example, if the annual tracking error of the Financial Times Actuaries All-Share index vs. the Capital International index in the United Kingdom is 3%, that means that in a few years these indexes should be within plus or minus 3% of one another. If the FT index had a return of 10% in a given year, then it could be expected with a fair degree of confidence that the Capital International return would be between 7% and 13%. Conversely, knowing that Capital International reported a 10% return, one would expect that the FT would be in the 7% to 13% range.

What is a small or large tracking error? Three well-known U.S. indexes were examined — the Dow Jones Industrial Average, the S&P 500 and the New York Stock Exchange composite index.

The Dow uses a price-weighting scheme and covers 30 industrial corporations. The S&P 500 is broadly based and uses a capitalization-weighting scheme. The NYSE composite, weighted on a capitalization basis, is broadly based and comprises more than 1,500 stocks.

Table 1 shows the tracking error of two dissimilar indexes, the Dow vs. the S&P is 5.3%; while the tracking error of two similarly constructed indexes, the NYSE vs. the S&P, is 2.08%. (Note that all tracking errors and standard deviations are stated in annual terms).

The table shows the Hang Seng Bank, the Amsterdam General, the Straits Times Industrial and the Australian All-Ordinaries indexes differ substantially from their Capital International counterparts. Even the 3% to 4% tracking error seen in other indexes could be a cause for concern among portfolio managers.

A manager scoring a 12% portfolio return looks like a winner compared with an index's 10% return, but looks like a loser if the sponsor chooses an index with a 14% return as the benchmark.

Cumulative returns

Cumulative returns comprise the final piece in the returns analysis. The table shows few substantial differences arose during the 10-year interval.

Singapore's Straits Times index reported a 50.84% greater return than Capital International. The difference between the Netherlands index and the Capital International index also is prominent. Conversely, local indexes in Germany, Japan and the United Kingdom scored comparable returns to Capital International indexes during the period.

Risk is defined as the variability of returns, and is represented in the table by the annual standard deviation of return for each market.

Using an F-test, one may conclude that during the 10-year period the Australian All-Ordinaries, the Tokyo New Stock Exchange and the Straits Times all carried less risk than their Capital International counterparts. (An F-test determines if two standard deviations are significantly different from one another.)

These differences were significant at the 90% level of confidence.

Taking return and risk characteristics into account, it can be concluded that local market indexes for Singapore, Australia and the Netherlands differed substantially from the Capital International indexes. The evidence of differences is strong, but not overwhelming for Hong Kong and Japan. For Germany and the United Kingdom, the two sources of return information are similar to one another. The differences between local indexes in Belgium, Canada, Switzerland and the United States and the Capital International indexes fall into a gray area.

Investors, be they portfolio managers or plan sponsors, can apply these results in several ways. In the countries where evidence indicates the local market indexes fundamentally differ on return and risk measures, careful consideration should be given when choosing a benchmark.

The investor should consider an index's market coverage and the method by which it calculates returns. Investors must determine whether the index is constructed logically, and if it reflects accurately the universe of stocks.

In the countries where less significant differences arise between the index choices, the calculations still provide additional information. As the tracking error figures in the table show, two indexes can differ from one another by several percent in the short term, even though they are close for the long run.

This suggests that investors should not draw major conclusions from minor differences when measuring relative performance. Overperforming or underperforming the benchmark by 4% might look substantial, but it could be a random event in actuality.

The greatest benefit from this treatment of the relative attributes of benchmarks might be the light it throws on the subject of international investments in general, rather than in aiding the selection of one index over another.

Through a closer examination of indexes, the U.S. investor can see the solid nature of many of the foreign markets, with their broad industry representations, high capitalizations and good liquidity.

This realization will augment other well-known arguments for international diversification, namely risk diversification and higher returns.

After reviewing the indexes available, plan sponsors also might realize that international investments deserve a representation in U.S. portfolios more fitting to their global importance, comprising as they do, 50% of the world's equity market. ■

Rick Nelson is assistant treasurer of Bankers Trust Co.

Table 1

Country	Index	Tracking error %**	10-year price return %	Standard deviation**
Australia*	All Ordinaries	6.40	27.36	21.75
	Capital International		22.76	24.94
Belgium	Belgian Stock Exchange	1.87	-15.17	14.27
	Capital International		-22.56	15.24
Canada	Toronto Composite	3.74	58.52	19.36
	Capital International		46.52	20.72
Germany	Commerzbank	1.80	5.47	13.72
	Capital International		5.04	13.37
Hong Kong	Hang Seng Bank	7.75	-7.07	45.97
	Capital International		-7.59	43.68
Japan	Tokyo New Stock Exchange	3.67	47.80	12.23
	Capital International		49.57	14.10
Netherlands	Amsterdam General	10.77	-13.77	15.35
	Capital International		11.36	16.80
Singapore	Straits Times Industrial	9.15	69.24	30.14
	Capital International		18.40	33.67
Switzerland	Swiss Bank Industrial	4.84	-35.10	16.56
	Capital International		-20.57	15.73
U.K.	FT All-Shares	3.11	75.16	29.20
	Capital International		71.02	29.13
USA	S&P 500	5.12	19.05	16.77
	Capital International		6.68	16.73
	S&P 500	5.30	19.05	16.77
	Dow Jones Industrial		2.60	16.45
	S&P 500	2.08	19.05	16.77
	New York Stock Exchange		25.58	17.39

*Australia data is from July 1973 to Dec. 1982.
**Stated in annual terms.

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Pensions & Investment Age

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Director gives good marks to Teamster system

By Barry B. Burr

CHICAGO — All multiemployer pension funds should follow the example of the almost $5 billion Teamsters Central States pension fund by hiring a "manager of managers" and simply monitoring that manager, believes George Lehr, executive director of the fund.

A few years ago, a suggestion that other multiemployer funds follow the example of the Central States Southeast & Southwest Areas Pension Fund would have horrified the Labor Department.

But the Teamsters Central States fund has been using the "manager of managers" approach since it was ordered to do so under a 1977 agreement with the Labor Department, and is delighted with the results.

The fund recently hired Morgan Stanley Inc. to replace Equitable Life in the major role. While Central States has high expectations of Morgan Stanley, others have qualms.

Taft-Hartley

Morgan Stanley has decided to act as manager of up to about $2.5 billion of the equity assets, a decision that raised eyebrows at the Labor Department and on Wall Street.

Nevertheless, Mr. Lehr recommends the Central States' approach for other multiemployer funds.

"Frankly, I think this is a model structure for all multiemployer pension funds," he said.

"Pick a manager of managers. Then trustees just oversee one manager."

Pondering the suggestion, an executive for one of the fund's money managers remarked, "Did you ask George Lehr if the Teamsters didn't *have* to select a named fiduciary, would they?"

The hiring of Morgan Stanley adds a page to another chapter in the story of the fund.

Earlier chapters saw Jimmy Hoffa, the removed union president, vanish, and Allen Dorfman, who served as a consultant to the pension fund and who owned an insurance company that handled some of the Central States employee benefit assets, slain.

They also saw, at one time, about 85% of the assets invested in real estate in Las Vegas, among other places.

Continued on page 26

Next round: Measures' legality questioned

Recapturing methods allowed

By Joel Chernoff

WASHINGTON — The Reagan administration, rejecting tougher options, will allow employers to use two controversial methods of recapturing excess assets from their pension plans.

The Cabinet Council on Economic Affairs agreed to allow companies to pursue spinoff/terminations under certain conditions and to replace a defined benefit plan with a similar plan.

The council also decided to limit the interest rates used in determining lump-sum distributions to those available for single-life annuities.

Memorandums concerning internal disputes on the legality of the measures, particularly spinoff/terminations, might open the door to lawsuits that could threaten use of the methods, officials admit.

The correspondence was made public by Sen. Howard Metzenbaum, D-Ohio, who seeks a nine-month freeze on terminations of overfunded plans.

The Pension Benefit Guaranty Corp. has at least 15 applications for spinoff/terminations pending, with many companies and consultants watching to see whether the method is acceptable. It also has on hold at least five applications for the so-called "termination/re-establishment" method, where a defined benefit plan is replaced with a new defined benefit plan.

The agency has approved 190 terminations since 1979 with reversions of $1 million or more; 52 cases are now pending. Surplus assets totaled $2.2 billion, "about one-third of one percent of the total assets of PBGC-insured pension plans," according to a cabinet council memorandum.

The administration position is the product of months of internal debate among the PBGC, the Department of Labor, the Treasury Department and the Internal Revenue Service. Sources say the IRS might differ on some fine points.

The policy reflects the administration's stance only in regard to the contested termination methods, and does not address the broader issue of clamping down on all terminations involving reversions.

The administration is just starting to explore whether greater changes, involving legislative action, will have to be made.

"I suspect that we're going to have a lot of explaining to do because of the internal debate and (the policy arguments) are now out on the washline," said William A. Niskanen Jr., a member of the

Continued on page 43

Policy battle continues

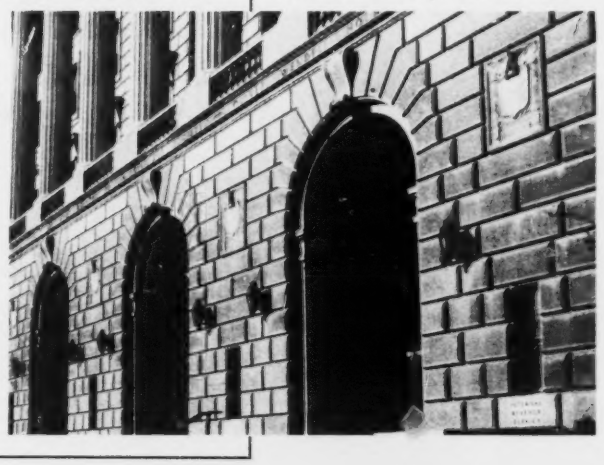
By Joel Chernoff

WASHINGTON — The battle on terminations of overfunded pension plans is far from over. Despite the Reagan administration sanctioning spinoff/terminations and replacing defined benefit plans with similar ones, a broader question is unresolved. That is whether plan terminations, in general, harm employees because they interrupt employees' future benefit accruals.

That is "a much more fundamental issue," said William A. Niskanen Jr., a member of the Council of Economic Advisers. "It goes to the heart of the pension system."

The Cabinet Council on Economic Affairs deferred acting on this issue on the

Continued on page 45



The IRS Building, Washington

Levi Strauss exercises options

By Barry B. Burr

SAN FRANCISCO — Beginning an atypical and more risky options overwriting program, Levi Strauss & Co. will use puts as well as calls for its $350 million pension fund.

"Most overwriting (by pension funds) is done with calls," said George F. Tucker, senior assistant treasurer.

"A call overwriter is only successful if the stock is flat or goes down." By using puts, Levi Strauss can take advantage of a rising market, he said.

Levi Strauss hired L.F. Rothschild Unterberg Towbin Asset Management, New York, to manage the program. It will have authority to write, or sell, options on as much as $20 million worth of stock in the Levi portfolio.

Herbert B. Soroca, vice president and options manager of Rothschild, said no more than $10 million may be written on either calls or puts.

"We're doing this for the incremental income to the (pension) fund," said Mr. Tucker. "We're not hedging or damping volatility (on the portfolio)."

"If you are looking at hedging, puts are inappropriate," added Mr. Soroca. "But if you are looking for incremental income, the use of puts and calls is the optimum strategy."

Levi Strauss is among the few pension funds using puts along with the more customary calls, although not all use them in the same manner.

In an options overwriting program, puts or calls are not used to change the underlying portfolio of the pension fund. For instance, Mr. Soroca said when Rothschild has to buy stock because a put is exercised, it will turn around and immediately sell the stock in the market, albeit at a loss.

Rothschild's strategy, though, is to avoid such a situation. Instead, Mr. Soroca said, Rothschild would buy back the puts, if it was likely they would be exercised.

An official of another pension fund, who asked not to be named, mentioned an experience in writing puts on Digital Equipment. When the stock dropped some 20 points in a day last year, the options manager had no opportunity to buy back the op-

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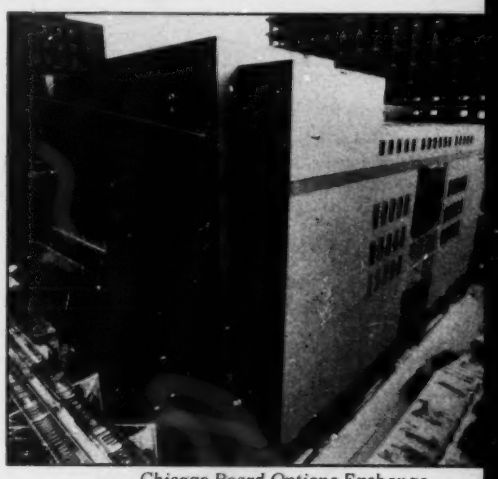

Chicago Board Options Exchange

Late news

Hearing called on CIOs

SACRAMENTO, Calif. — A legislative panel has called a hearing to examine why California's two largest pension funds have been without permanent chief investment officers for a year or more.

Officials and managers for the $11 billion California Teachers' Retirement System and the $21 billion California Public Employees' Retirement System have been asked to testify before the Committee on Pension Investments April 9.

State Assemblyman Lou Papan, a member of the committee and chairman of the Assembly Rules Committee, has sent letters to the systems asking "why so little had been accomplished in organizing an investment approach strategy."

Continued on page 2

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Variable Fund selects 3

By Eddy Christman

NEW YORK — The New York City Teachers' Variable Fund has hired three new managers to oversee a total of $119 million effective April 1.

Mellon Capital Management Corp., San Francisco, was given $75 million to oversee. Trinity Investment Management Corp., Boston, and ValueQuest Ltd., New York, each was given $22 million.

The assets assigned to the new managers came from an index fund with Bankers Trust Co., New York.

"We had over $1 billion dollars with Bankers Trust and we wanted to get some of it under more active management," said Wallace F. Sullivan, the fund's executive director.

The $2.6 billion Variable Fund is the equity portion of the New York City Teachers Retirement System, which has total assets of $7.4 billion. About $4.8 billion in fixed income is overseen by the New York City comptroller's office.

Trident and ValueQuest are being added in a " 'sub-fund

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Sells 63,000 shares, contributes 55,000

Firm returns to common-stock well

By Kimberly Blanton

CRYSTAL LAKE, Ill. — Sun Electric Corp. placed company common stock in its $13 million pension fund, a few days after selling stock it previously contributed to the fund.

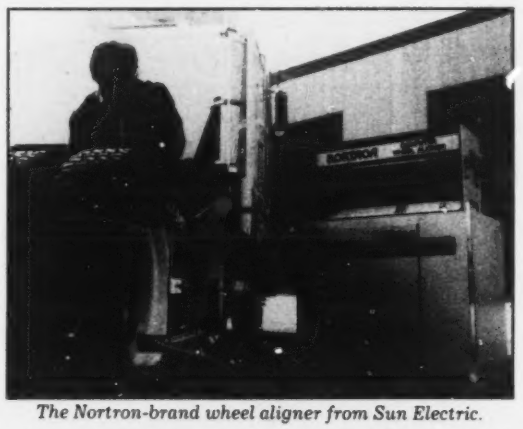
Last fall, the company, which has suffered a net loss for two years running, contributed 63,000 shares of Sun Electric stock to its fund in lieu of its usual cash contribution (*Pensions & Investment Age*, Sept. 5).

The fund sold the stock profitably in late December, according to company officers.

A Securities and Exchange registration filed March 20 showed Sun Electric placed another 55,000 shares of its own stock in the fund Dec. 29, soon after selling the first block of shares.

Sun Electric stock has dropped almost $2 per share since Dec. 29 when the second contribution of stock was made. The closing price on the date of contribution, 17¼ per share, usually determines the value of a stock contribution. On March 26, Sun Electric, which is traded on the New York Stock Exchange, closed at 15⅝ per share.

Although Sun Electric has not made public any plans to sell the 55,000-share block of stock, it registered the shares to prepare them for eventual sale, said Lee Enz, executive vice president and chief financial officer of Sun Electric.



The Nortron-brand wheel aligner from Sun Electric.

Mr. Enz said if the first block of common stock had not been sold before the second block was contributed, he believes the total value of Sun Electric stock would have exceeded 10% of the fund's $13 million assets.

The Employee Retirement Income Security Act of 1974 prohibits a pension fund from having more than 10% of its assets in employer securities.

In the height of recession, contributions of corporate securities became a popular method for companies low on cash to fund their annual pension plan contributions.

As the recovery began, some executives speculated the method might become a permanent fixture in their arsenal of corporate finance techniques.

For Sun Electric, a contribution of company securities is "a cash-flow issue," and one piece of Sun Electric's "five-year plan," said Mr. Enz, who also is a trustee of the pension fund.

"Cash flow is really what this game is all about," said Mr. Enz. "I don't think everyone is still convinced we still might not have another recession."

The past two years have been difficult ones for Sun Electric. In its fiscal year ended Oct. 31, 1983, the company had an $8.8 million net loss, against a $7.1 million loss in 1982.

The combined year-end strategy of selling Sun Electric stock and immediately making a second contribution would not have been done if the stock were trading at a very low price in the market, however.

"If the stock's worth $5, you wouldn't (initiate the transactions). If the stock's doing well, you'd want to go ahead and do it," he said.

Based on the 17¼ closing price of Sun Electric stock Dec. 29, when the 55,000 shares were placed in the fund, the second contribution was valued at $949,000.

The higher the share price, the less stock a company needs to meet

Continued on page 44

N. J. stymied in 1st realty bid

By Mark Westerbeck

TRENTON, N.J. — State Attorney General Herbert Sablove killed the New Jersey Division of Investment's first attempt to invest in equity real estate.

In the process, he faulted the group trusts offered by the chosen money managers for not being registered investments with the Securities and Exchange Commission.

The $9 billion state fund had picked five pooled funds, but Mr. Sablove, in a letter dated March 22, said they would fail the prudence requirement of the applicable state statute. Roland Machold, investment division director, said that statute is "similar to what has been the standard model law of the early 1950s."

The legal mix-up, which Mr. Machold has said hinged on "an obscure issue of law," clearly frustrated the director.

"This real estate program, which we nurtured along with a lot of talking and rigamarole for a year and a half, lacking a change in the law, is dead," he said.

In his letter, Mr. Sablove suggested changes in wording that would alleviate the legal issue if enacted by the state Assembly that "we could float to the Legislature and who knows to where it would lead," Mr. Machold said.

He noted that presenting investment ideas for legislative consideration "poses some problems, because when you submit them, things have a tendency to get turned around."

Mr. Machold said he would submit the letter to his counsel and staff for consideration.

A year ago, the division got permission to invest 10% in real estate equity, and had sought to place about $50 million with funds run by Coldwell Banker, Lehndorff & Babson Real Estate Counsel Inc., Metropolitan Life Insurance Co., Equitable Life Assurance Society of the United States and Prudential Life Insurance Co. of America.

The division has another option, a direct, one-third interest in office buildings with a value of at least $250 million, but Mr. Machold said such an investment was not likely to take place soon.

This case was the second instance within about a year of Coldwell Banker being thwarted — because of its investment format — after being selected by a public fund.

Earlier, the $4.2 billion Pennsylvania State Employees Retirement System committed $20 million before learning it couldn't become a partner in Coldwell's limited partnership pooled fund.

Coldwell Senior Vice President James G. Nugent expressed extreme dismay.

"It's hard to believe we go through this thing and one lawyer said it's not a legal investment," he said. "I don't know what the answer is. An attorney can always find something, but I think this is going to an extreme." ■

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Late news

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The committee members also are expected to look into the funds' investment management structures.

Alaska funds realty

JUNEAU, Alaska — The $1.5 billion Alaska State Retirement System is completing funding to three real estate managers. In its second move into equity realty the fund picked JMB Institutional Realty Corp., Chicago; Smith Barney Real Estate Corp. and Morgan Guaranty Trust Co.'s real estate group, said Marty Lentz investment officer.

First stock purchase

VANCOUVER, British Columbia — The British Columbia Workers' Compensation Board is investing in equities for the first time, placing $450 million of its $1.4 billion in assets in the Canadian stock market. This also marks the first time the fund has used outside managers.

Managers have been selected but their names will not be released until they are approved by the ministers of finance and labor, said Grant McMillan board spokesman.

The parliament removed the ban on equities to improve the compensation board's returns, reducing the fund's $500 million unfunded liability. The compensation board fund is similar to a state accident insurance fund in the United States.

Four add FRIMCO

TACOMA, Wash. — Santa Barbara Bank & Trust, the Merchant's National Bank of Topeka, Kan., and Johnson County Bank, Shawnee Mission, Kan., have hired Frank Russell Investment Management Co. to invest a portion of their pension portfolios in FRIMCO's seven mutual funds.

All the banks are offering FRIMCO's services to their pension clients and to individual trust customers.

The Santa Barbara Bank & Trust, which manages about $42 million in employee benefit assets, initially will invest roughly $2 million from the bank's own pension fund assets, said Lawrence L. Wathey, senior vice president and senior trust officer.

Fund invests in pools

KANSAS CITY, Mo. — The $1.3 billion Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers national pension trust has decided to invest in two equity real estate pools, said David Hansen, financial director.

The fund is committing $5 million to a closed-end fund run by Karsten and Associates, and $5 million to the open-end Developmental Properties Account managed by Copley Real Estate Advisors.

Unisex effort gains

WASHINGTON — The House Energy and Commerce Committee adopted a stripped-down version of a bill requiring use of sex-neutral actuarial tables in setting pension and other group insurance benefits.

The bill adopted by the committee would require that pension plans not use sex-based tables in determining benefits based on future accruals, starting two years after the measure's final passage.

This would eliminate the original bill's retroactivity feature. The new bill would codify and perhaps extend a 1983 Supreme Court decision involving an Arizona deferred annuity plan, according to experts.

Mesta, PBGC accord

PITTSBURGH — Mesta Machine Co. will pay the Pension Benefit Guaranty Corp. $1 million in a combination of cash, stocks, warrants and a share of future profits if an amended reorganization plan is approved.

Last December, the PBGC sued Mesta to force the termination of its pension plan, which has about $42 million in unfunded liabilities. The agency since has filed several claims totaling about $75 million, the company confirmed.

The PBGC had not seen the reorganization filing yet and thus had no comment, a spokesman said. But a Mesta official said the plan reflects general agreement between the parties on basic points.

Investors plan to stock up on investments

International markets prove fruitful shopping

By Rose Darby

NEW YORK — Many U.S. pension funds increased their commitments to international markets in 1983, and their funds emerged significantly richer for their good timing.

Some of the sponsors are so pleased, they plan to increase their commitments further in 1984, although perhaps not as much as in 1983. According to *Pensions & Investment Age's* statistics, the nation's largest pension funds had almost twice as much invested internationally at the end of 1983 as at the beginning of the year.

The 3M fund increased international exposure to $47 million in the third quarter

"Internationally, 1983 was a good year for us," said Harry Vernon, assistant treasurer of Minnesota Mining & Manufacturing Co. "We did substantially better there than we did with our average U.S. investment."

He said 3M increased international exposure through two managers to $47 million in the third quarter of 1983 from $5 million in the same period of 1982.

Mr. Vernon declined to name the two advisers.

The market gains were so good, he said, they more than offset the losses suffered from currency conversion into the dollar.

Among numerous reasons for 3M's foray into foreign investment was the quantity of opportunities for enhanced returns, Mr. Vernon said.

"When one country's market is not doing well, there are other places to put your money," he reasoned.

This went hand-in-hand with the diversification that could be derived from the markets of individual countries moving not so close as to be parallel to one another, he pointed out.

"And, we have the feeling that though currency markets are extremely hard to judge, the spectacular rise of the dollar over the last two years will not be duplicated in the next two years," Mr. Vernon explained. "So, that big negative item that foreign markets had to carry before may actually add to performance, rather than detract from it."

Further, there might be a specialized high-growth industry, such as high technology, in which it's hard to find an individual or pure play at home, he added, "and you may be able to find a direct play overseas."

During 1984, from the roughly $1.3 billion total retirement assets, "the percentage (of international investment) will increase to up over $50 million," Mr. Vernon said.

Asset allocation will be left to the managers, he added, although right now they are mostly in equities.

Second in order of percentage of increase was the E.I. du Pont de Nemours & Co. pension fund, with $340 million in 1983 from $54 million in 1982, an increase of about 529%.

Funds' increase of international investment

Company	1982 ($ mil.)	1983 ($ mil.)	% of increase
Minnesota Mining & Mfg.	5	47	840
Du Pont	54	340	529
ITT	5	30	500
Allied Corp.	25	90	260
Hawaii Employees Retire.	20	63	215
Hughes Aircraft	14	40	186
RCA Corp.	17	45	165
Exxon	51	132	158
TRW	35	82	134
World Bank Staff Retire.	105	245	132
Hercules	17	38	124
IBM	445	978	119
AT&T	92	200	117
Owens-Illinois Inc.	39	85	117
Continental Group Inc.	22	47	114
American Airlines	50	100	100
CIGNA Corp.	35	26	71

All figures are 3rd quarter investments.

When the market began to soar in mid-August 1982, the fund already had a small amount in international investments, according to David F. Marvin, vice president of pension fund investments.

Shortly thereafter, he explained, "we significantly increased our bets.

In fourth-quarter 1982, we made a sharp increase in Japan investment, and by year-end 1982 we were at $150 million to $170 million."

Now the fund's international exposure comes to 8% of total equity investment for the roughly $7 billion employee retirement fund, Mr. Marvin said.

That amount is 100% invested in Japanese equities, he added, "between the Du Pont and the Remington Arms plan there's about $343 million."

Emphasis is on export-oriented stocks, such as high-technology issues, Mr. Marvin noted, including **Fujitsu**, **NEC**, **Matsushita** and **Fanuc**.

"Performance in 1982 and 1983 was quite good relative to the Tokyo stock exchange index," he pointed out.

Mr. Marvin explained there are no major overseas investment moves imminent for Du Pont, because "it's a fairly significant exposure already, especially given the volatility of the Japanese market."

"It tends to be two to three times as volatile as domestic markets, and that tends to have a disproportionate effect because of the yen/dollar exchange rate," he said.

Indeed, the yen has been gaining steadily on the dollar since early this year. According to Nikko International Capital Management Co. in New York, the

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Legislator fuels attack on NYC funds

By Eddy Christman

NEW YORK — A state senator, wielding myriad accusations aimed at New York City pension fund officials, is introducing legislation to "reform the state and city pension fund procedures" for hiring and firing investment managers.

The proposed legislation will help the funds' performance, said Sen. Franz S. Leichter, who represents a Manhattan district.

His proposal has three parts:

- A competitive bidding procedure for all hirings of investment advisers.
- Removal of an adviser not performing at least as well as the Standard & Poor's 500 stock index for at least one out of every six quarters or two consecutive years.
- Performance-based fees for all money managers.

In introducing his proposals, Mr. Leichter charged public pension funds are not handled well.

"The entire procedure of selecting, paying and rating the performance of the managers of the pension funds is shrouded in secrecy," he said. His proposals would "avoid political nepotism" in the hiring of investment managers, Mr. Leichter said.

He also claimed "the pension funds' performance over the last several years has been far less than what the public employees of this state deserve."

Continued on page 41

BellSouth's first step may be overseas

This is the fourth in a series on the effects of divestiture on the new telephone operating companies.

By Kimberly Blanton

ATLANTA — BellSouth Corp.'s belief that overseas markets are right for investing could dictate the pension fund's first move.

While keeping an open mind to all types of investments for the BellSouth fund, Kincaid Patterson, director of asset management, is in no hurry to make changes — except perhaps on the international front.

He believes the time to invest overseas is "particularly attractive" and plans to act on that first.

"I think we'll take a good hard look this year," he predicted. The opportunity to buy into the relatively depressed economies of Western Europe, coupled with a strong U.S. dollar, provide the impetus for making overseas investments now, he said.

Another of the investment staff's projects is hooking up its microcomputers to the computer at its master trust bank, Wachovia Bank & Trust Co., Winston-Salem, N.C. This state-of-the-art technology gives corporate pension funds access to the market value of each manager's portfolio, daily trades completed and pending, the total amount of any one stock held, as well as manager performance.

In time, however, Mr. Patterson intends to broaden the fund's investment portfolio.

He might use direct real estate investments to supplement the pension fund's share in AT&T's pooled fund, and will consider bringing some index fund assets inside to be run by his investment staff, which now numbers eight.

He also anticipates expanding his lineup to include venture capital and some managers that invest in stocks outside the Standard & Poor's 500 index.

"Our managers are basically S&P 500, and we'd like greater exposure," he said.

But, as with international investing, "the market would affect my thinking (on) smaller-capitalization stocks."

Nevertheless, Mr. Patterson said he is happy with those equity and fixed-income managers American Telephone & Telegraph Co. turned over to BellSouth.

BELLSOUTH

"We are really comfortable with where we stand," he explained. "We have no plans to change any of our manager relationships in the immediate future."

Instead, the question is, "whether or not we want to supplement" the current lineup.

BellSouth's pension fund is one of four divested telephone companies that took over half of its assets Jan. 1. It will receive the rest in 1985, when AT&T finishes its actuarial studies. BellSouth's plan probably will be between $4.5 billion and $5 billion.

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Savings Bank system restructures

By Rose Darby

NEW YORK — The roughly $450 million Savings Banks Retirement System has hired two international managers, a short-term fixed-income manager and a new custodian as part of a general restructuring.

The international managers are Morgan Grenfell Investment Services Ltd. and Rowe Price-Fleming International Inc.; the short-term manager is Discount Corp. of America; and the custodian is Irving Trust Co.

The system has been restructuring for more than a year as part of a plan to attract more funds from thrift institutions.

Since the restructuring began in October 1982, total assets have increased by 24%, to about $450 million from $364 million, as of Feb. 29.

As part of the restructuring, the system will register as an investment company and change its name to legally encompass a wider circle of plans, said Edward J. Macheski Jr., vice president-investments.

The system is a multiemployer trust that provides retirement plans for more than 110 thrift institutions. It offers consulting, administrative, actuarial and investment services to its participating plans, according to Mr. Macheski.

Registration should be accomplished and the name changed by the second half of 1984, he said.

"The retirement system's orientation is to invest pension assets of savings banks, savings and loans and smaller commercial banks," he pointed out. "We don't have any S&L pension funds at this point in the system, and we sense that it's a very large market."

The system's goal is to double pension assets within the next five years, according to Mr. Macheski.

To accomplish this, he explained, "we hope to launch a marketing program in which commercial banks and S&Ls are the targets."

The transition from a "one-horse" fund that was 90% invested in bonds to the streamlined system that has emerged took less than two years, said Mr. Macheski.

In that period, the system hired three equity managers — Lieber & Co., Harrison, N.Y.; Pioneering Management Corp., Boston; and Forstmann-Leff Associates Inc., New York — and two fixed-income managers, Criterion Investment Management Co., Houston, and T. Rowe Price Associates Inc., Baltimore.

"This whole change is relatively new. I joined in late 1981," he explained. Sheila Peck, assistant vice president-investments, joined in early 1983.

Revamping the system "was an opportunity to help change something, to be very creative and have a lot of autonomy," added Mr. Macheski.

The opportunity seemed to pay

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International market . . .

Continued from page 3

yen closed at 233.50 against the dollar Jan. 4, and had risen to close to 221.70 by March 6.

Another pension sponsor with a concentration of investment in Japan is the Hawaii Employees Retirement System, which has total assets of about $2.01 billion.

Hawaii placed fifth on the list of sponsors who increased international investment exposure during the past year, moving to $63 million in 1983 from $20 million in 1982, an increase of about 215%.

"Back in 1982, we felt from listening to economists that the Japanese economy was a good one and the yen undervalued," said Stanley Siu, executive secretary for the fund.

The fund has about $100 million invested in the Pacific Basin, explained Mr. Siu, equally divided between its two managers, Nomura Capital Management and Daiwa International Capital Management Corp. The two money managers are invested purely in equities, he added.

Their 1983 performance was exemplary, he added. Statistics from SEI-Funds Evaluation show that for the year ended Sept. 30, 1983, "the Daiwa investment was up by 66% and the Nomura one was up by 67%," Mr. Siu said.

He noted that "we may be looking into investing in the European and United Kingdom markets, but not immediately, possibly later in 1984 or next year."

If the fund were to make such a move, a new international manager would be required, he added.

Another pleased international investor is the Allied Corp., according to Edward T. Tokar, director of investments. Allied has overall pension and employee benefit assets of $3.2 billion, he said.

"We got in around May of 1982, as the international markets were hitting lows and the dollar was strengthening. There seemed to be a lot less enthusiasm over international at the time," he said.

The initial 1982 commitment of $25 million was increased to $90 million by 1983, he said.

That 260% increase puts Allied in fourth place in ranking firms increasing international investments during 1983.

The fund got in at the bottom of many international markets, Mr. Tokar noted. "As a result, international was the best performing component in 1983 and so far this year it has led the way," he said.

"We have about $125 million (in international) today, or about 5% of total assets."

Much of this is managed by Kleinwort Benson International Investment Ltd., Morgan Grenfell Investment Services Ltd. and Baterymarch Financial Management in equity accounts.

There is also a dollar- and non-dollar-denominated fixed-income securities account being run by Morgan Guaranty Trust Co.'s international investment group, he added.

As for the remainder of this year, further financial commitment to overseas investment is unlikely, Mr. Tokar said: "Because those markets have already appreciated substantially, we are staying at 5% of the total."

One pension fund that managed its own overseas investments is CIGNA Investment Advisory Co.

CIGNA increased its international investment during 1983 71%, to $60 million in 1983 from $35 million in 1982. Only $10 million to $12 million of that sum was pension fund assets, explained Herbert Evert, president of CIGNA's investment subsidiary.

"In 1983, performance of international was 34.5% vs. 20.9% for the Europe and Far East index," he pointed out.

"We were principally invested in equities internationally, with an emphasis on European equities such as Sweden, France and Germany, which did very well, but not as well as the Far East equities."

Mr. Evert said CIGNA will double the amount of pension assets going into international during 1984, emphasizing equities. ■

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Savings Bank . . .

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off in terms of performance.

About $180 million managed in-house in bonds and equities outperformed most of the system's outside managers for the year ended Feb. 29, he said.

The $120 million internally managed fixed-income fund, invested in intermediate bonds and mortgages, had a total return of 7.04%.

The roughly $60 million in bonds being actively managed by Criterion Investment Management came in at 4.39% and a similar fund for the same amount managed by T. Rowe Price returned 6.77%.

During the same period, the roughly $60 million cash equivalents fund, managed by Irving Trust, yielded 9.67%.

The system's in-house bond fund also trounced the Lehman Brothers Kuhn Loeb Intermediate Government bond index return of 7.28% for the year ended Feb. 29.

In equities, the system did even better. The roughly $57 million in-house-managed core equity fund returned 15.58% for the period. The $35 million emerging growth fund managed by Leiber & Co. had a 7.18% return for the 12 months, and a like amount in a value equity fund managed by Pioneering Management Corp. was up 12.1%. A $14 million market timing fund run by Forstmann-Leff was up only 5.4% for the period.

For the same period, the Standard & Poor's 500 stock index had a 10.74% return.

The guidelines for the core fund managed in-house include an 80% weighting in large-capitalization stocks of high quality, said Ms. Peck. The remaining 20% is in small-capitalization issues.

"We are very broadly diversified. There's an element of market timing because we have guidelines on cash reserves of 0 to 25%," she said.

As for the overall equity portfolios, "we try to have four segments of the equity market that have a minimum of overlap with the big-cap stocks," said Mr. Macheski.

"There is about a 10% overlap among the four equity funds, and that's pretty good. All four managers are fishing in very distinct ponds. We're trying to get the best of each style."

The most recent change is the international hirings.

"Money will be proportioned out between three fixed-income funds to fund the international component with roughly $20 million," said Mr. Macheski.

Investment in Japan and the Pacific Basin by a Japanese manager was seriously considered, he said. "But, we weren't quite comfortable at this point. We may do something down the road, because they have the insight. It's their language and their market."

He also talked about the change in custodial relationships:

"We were with U.S. Trust for two years, and when they asked for a fee increase, rather than renew automatically, we interviewed five custodians. We found the business is very competitive and Irving offered an attractive package."

After a search aimed at finding short-term investment funds that lacked the liquidity bias that most bank short-term investment funds shared, the system hired Discount Corp. of New York.

The firm will invest short-term assets, which will come from Irving Trust's short-term fund.

"Because our short-term fund was of a permanent nature, we realized that we were leaving too much money on the table," Mr. Macheski explained.

"Given the volatility of rates, there is a point in time to extend your average portfolio maturity to 180 days. If rates are going to drop, then you can pick up substantial income that way," he reasoned.

This contrasts with the normal STIF fund that has a bias for liquidity between 20 and 40 days.

"In our fund, there is no need for that kind of liquidity, so the incremental gain by being able to actively manage that money will be somewhere between 100 and 150 basis points."

He said alternative investments, such as real estate, venture capital and hedging, are being researched. None will be employed in the near future, according to Mr. Macheski. ■

c2710-2

U.S. investors might pay the price for U.K. practice

By Fred Williams

DALLAS — Some U.S. pension funds investing overseas might pay more in commissions than they should, and their managers might receive rebates from brokers.

As a result, consultants say, pension funds contemplating the international equity markets should carefully examine equity trading contracts to avoid paying high commissions.

According to consultants and money managers, some British and European money managers trade large blocks of shares for several clients. Then, brokers bill the clients individually at a higher commission rate for smaller blocks as if each client's transaction had been handled separately.

The broker rebates the difference between the large block commission and the small block commissions to the manager.

Although the practice is fading, it apparently still is taking place in the United Kingdom, particularly by British merchant banks.

Some consultants and money managers said they believe the practice is used with U.S. tax-exempt institutional clients as well as with British and other European clients. But British managers contacted denied it ever was applied to such clients.

All those contacted by *Pensions and Investment Age* stressed the rebates are a commonly accepted business practice in the United Kingdom.

Hunter Thompson, president of Lifford Management Co. in Toronto, said "some (U.K. money managers and merchant bankers) do it and some don't.

"They can justify it by saying that 'here we have all this paperwork' ... It's extra for administrative work. I know for a fact that they do it (with U.S. clients)," he said.

Mr. Thompson said merchant banking fees are low as a result, because the merchant banks are able to recoup a portion through trading practices and picking up the spread.

He added the practice soon might be halted as a result of changes being considered by the London Stock Exchange and the British Ministry of Trade, which is about to require the elimination of fixed brokerage fees in favor of negotiated fees.

Recouping the spread between commissions on large blocks and distribution to portfolios and charging a higher commission on smaller blocks is confined mainly to U.K. assets invested in the United Kingdom. However, it is not limited to U.K. funds.

"It is done ... We don't do it," said Gavin J.N. Gemmell, partner in the Edinburgh investment management firm of Baillie, Gifford & Co. "It used to be if we went to do an issue, each client was issued his own contract note. ... If the issue is split and you issue your own contract note to the client, it carries a clearly higher rate (for the smaller block) and it is acceptable (in the United Kingdom)."

Mr. Gemmell said U.K. mer-

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Pensions & Investment Age

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The newspaper of corporate and institutional investing • $3.00 an issue • $60 a year • April 16, 1984

Executives quit firms

By Steve Hemmerick and Rose Darby

CHICAGO — Two pension investment executives of major corporations — David E. Tierney of Standard Oil Co. (Indiana) and Gary B. Helms of Hughes Aircraft Co. — are resigning and leaving the corporate side. Mr. Tierney is leaving his position as administrative manager-investments at Standard of Indiana to start an investment analysis consulting firm.

Mr. Helms, vice president-in-

Continued on page 34

Gary Helms: His "heart is no longer" in the job

Fleet financing flies

By Kimberly Blanton

MONTGOMERY, Ala. — The Retirement Systems of Alabama and General Electric Credit Corp. have closed a deal with Delta Air Lines Inc. to finance part of a fleet of jetliners.

The Alabama pension fund has provided about $100 million to finance Boeing 737 jetliners, and holds the largest share of debt to date in the financing. The system financed its share of the fleet in two pieces: It placed $62 million of the debt late last year, and just turned over another $40 million, said David Bronner, secretary and treasurer of the fund.

Corporate finance

The fund, which is very active in the private placement market, is one of several investors in a $650 million deal to finance 33 of the Boeing aircraft that Delta will use to upgrade its fleet. Investment bankers, Goldman, Sachs & Co. and First Boston Corp., are co-managing the deal.

General Electric Credit Corp., which will lease some of the jetliners to Delta, has provided about half the equity for the deal, confirmed Kenneth Rusterholz, vice president and manager of transportation finance for GE Credit. General Electric is the largest equity holder.

The remaining investors are pension funds, insurance companies and commercial banks. Delta could not be reached for comment.

In adding the 33 aircraft, Delta is following a history of "aggressive" maintenance and upgrading of its fleet, said Tim Pettee, an analyst with Rotan Mosle Inc., Houston.

"I would view the 737-200s as bridge aircraft" between the older 727-200s it is now selling to other airlines and a 150-seat aircraft it hopes to buy later in the decade, Mr. Pettee said. Aircraft manufacturers have not yet developed a 150-seat aircraft, but Delta has made known its interest in buying such a plane.

Delta originally agreed to take delivery of the jets from Boeing last April. But after one year, they still are being delivered and the financ-

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California plans protest Texaco deal

Funds consider suit

By Steve Hemmerick and Fred Williams

SACRAMENTO, Calif. — California's two largest public pension funds are considering suing Texaco Inc. over a $1.3 billion deal Texaco management made with the Bass family of Texas.

Officials of the $22 billion California Public Employees Retirement System and the $12 billion California State Teachers' Retirement System believe the funds should be paid the same premium for their Texaco shares that the Bass family was paid. The suit was suggested by two members of both systems, California Treasurer Jesse Unruh and Controller Ken Cory.

Texaco paid the Basses a 12% premium for more than 25.6 million shares of Texaco common, which was 9.9% of the total Texaco stock outstanding.

The pension funds reportedly own Texaco common valued at more than $100 million.

Texaco common had been bid up in price to 48¾ because investors believed the Bass family might engineer a takeover of Texaco. However, after Texaco purchased the Bass shares, at $50 a share, the stock dropped in price with the apparent takeover threat gone.

Ben Tierney, a spokesman for Texaco, said the company had done "nothing illegal" under Delaware case law. Texaco is a Delaware corporation. Under state law, Mr. Tierney said, "a premium can be made for large purchases of stock," and an "open market purchase of securities is not illegal."

However, Mr. Tierney added it is "probably within their rights to sue." He said other investors, including other institutions, had made calls to Texaco about the purchase of the Bass family shares.

Sid McCausland, executive director of the public employees' system, said Securities and Exchange Commission attorneys have been contacted about the Texaco/Bass deal.

But Cecelia Bligh, an attorney in the SEC chief counsel's office, said she is unaware of the proposed action.

Mr. McCausland said Mr. Unruh and Mr. Cory believe the premium over the market price paid to the Bass family "should be available to all shareholders."

But, Mr. McCausland said, "there are a lot of questions of whether we would prevail in a suit."

Larry Margolis, executive secretary of the Pooled Money Investment Board of the state treasurer's office, said that once Mr. Unruh "saw the deal the Bass brothers got,

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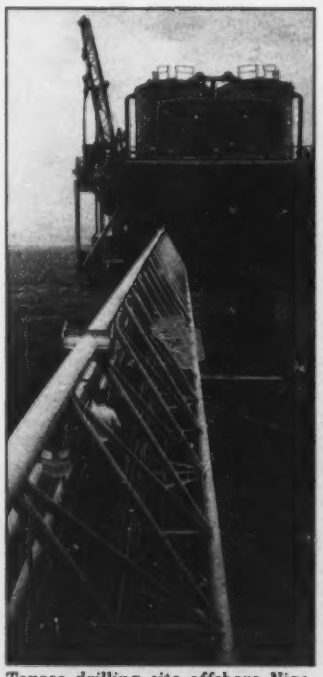

Texaco drilling site offshore Nigeria: Two members of both systems suggested the suit

Late news

Florida adds for equity

TALLAHASSEE, Fla. — The $6.5 billion Florida State Board added its first non-index equity managers, said E.J. Yelton, executive director. Lazard Freres Asset Management and Lehman Management in New York, and INVESCO Capital Management, Atlanta, will run $100 million each.

Regulation proposed

ATLANTA — The Georgia banking commissioner will issue a

Continued on page 2

Public finance supplement

This issue of *Pensions & Investment Age* contains a special supplement on public finance. The supplement, *City & State*, is being distributed at the Municipal Finance Officers Association's annual conference in San Antonio this week.

The MFOA conference is expected to draw about 2,700 public finance officials from across the country.

Readers will find the supplement following *page 20* in this edition. Additional *P&I Age* news and features continue after the supplement.

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AMC gives fund stock for 2nd year

By Kimberly Blanton

SOUTHFIELD, Mich. — For the second consecutive year, American Motors Corp. contributed its own common stock to meet the annual payment to its pension fund.

Again, the shares were given to AMC's investment managers, who eventually will sell them from their client's investment portfolios.

AMC's latest 3 million-share contribution was valued at $4.985 per share, totaling $14.95 million. It meets part of the automaker's required $50 million 1983 funding for seven union and salaried employee pension funds. The rest will be paid with cash.

The value assigned the shares in the fund matches the proceeds to American Motors of an accompanying 12 million-share public offering of AMC common stock March 28.

The stock sold in the market for $5.375 per share. The difference between the market price and what the company and the pension fund received is a 48-cents-per-share underwriting fee. Lazard Freres & Co., Lehman Brothers Kuhn Loeb Inc. and Merrill Lynch Capital Markets managed the offering.

AMC joins other companies that have made a second contribution of stock or bonds to their pension funds in lieu of cash, including Sun Electric Corp., Martin Marietta Corp. and The LTV Corp.

The practice of contributing company securities instead of cash became widespread at the height of recession, but some finance executives have predicted stock contributions would become a permanent item on the corporate finance menu.

For AMC, however, the reason for doing so this year is the same as last year: to save cash.

Joseph Fromm, assistant treasurer, said the company needs the cash it would have put into the fund to use elsewhere. "In order to compete in the business requires new products, and new products require cash," Mr. Fromm said.

For AMC's strategy, he referred to the prospectus on the public offering, which outlines a plan to design and introduce front-wheel-drive cars and a new four-wheel-drive Jeep.

Although the contribution is part of a large financing strategy, Mr. Fromm stressed the pension fund's gain from it last year, and he expects it to repeat that.

"It (AMC stock) was the best investment the managers made last year," he said. The shares rose an average 64% between the time AMC gave them to the investment managers and the managers turned around and sold them, according to Mr. Fromm.

Sometimes, companies sell these shares through an underwriter, while others, like AMC, let the investment managers sell them.

One of AMC's investment managers, BA Investment Management Corp., had no qualms with the practice: "Last time, it was such a good deal for everyone concerned," said Douglas Heidohrn, senior vice president.

He said BAIMCO calculated its investment return last year for the AMC account with and without the shares, and said the holding in AMC stock "pulled up all the managers' (investment) performance."

When AMC first suggested it would contribute stock again, Mr. Heidohrn said his company's attitude was: "I just hope the same thing happens again."

Three other investment managers were given AMC stock proportional to the assets they manage for the pension fund: Chase Investment Management Corp., Morgan Guaranty Trust Co. and Fayez Sarofim & Co. Together, they manage $250 million of the $300 million plan. Mr. Fromm did not provide a breakdown. AMC's first contribution of 3.3 million shares, made at the same time last year, was valued at $5.425 per share.

Joseph Fromm

Sixty percent of the shares were sold within one month and 98% were sold by July, Mr. Fromm said. There is "no reason" it won't turn out to be a good investment again this year, he added. ■

Termination report a 'cause celebre'

Agency assails DOL study

By Joel Chernoff

WASHINGTON — The Pension Benefit Guaranty Corp. has sharply attacked a Department of Labor study showing participants lose 45 cents on every dollar when a defined benefit pension plan is terminated.

The department study, still in draft form, has become a "cause celebre," said one government official.

The paper could affect how the administration approaches the issue of terminations of fully funded plans, although its significance has been played down by some government officials.

The dispute focuses on whether participants have a right to expect future accrual of benefits. If they do, the Labor Department study says, their loss of expected benefits is substantial.

In addition, the Treasury Department loses 10% to 20% in revenues because of the tax-preferred status of pension plans, the study estimated.

But the PBGC criticized the study for not being practical and for inaccurately deriving its figures.

"The DOL study is concerned with questions that are purely speculative and hypothetical," Thomas Veal, the PBGC's director of corporate planning and program development, said in a telephone interview.

A memorandum by Mr. Veal said, "The paper does not adequately explain why 'real expected benefits' . . . should be a focus of pension policy."

Moreover, the PBGC memo asserted the study's method of calculation "is internally inconsistent and grossly overstates the so-called 'loss.' "

An "aggregate 45% loss" is "impossible," Mr. Veal said.

The study appears to leave the Reagan administration in an awkward position on how to address the issue of pension plan terminations.

"We do not fully understand why voluntary terminations occur, and, therefore, it is difficult to predict the frequency of terminations

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California officials air gripes

By Steve Hemmerick

SACRAMENTO, Calif. - California Gov. George Deukmejian's administration has been accused of stalling efforts to set up internal management of the state's two largest pension funds.

Rick Cohen, acting chief executive officer of the $12 billion California State Teachers' Retirement System, told members of a joint legislative committee on pension investments that "this administration" has stalled internal staffing repeatedly.

This was done, he said, by administrative departments demanding "full reviews" for items like chairs on which members of the proposed permanent internal investment staff would sit.

Sid McCausland, executive officer of the California Public Employees Retirement System, said the fund's acting chief investment officer — the third in 16 months — manages $22 billion, yet is a civil servant earning $44,000 a year.

Other hearing testimony revealed that money spent on external management of the teachers' fund is projected to increase to $14.5 million next fiscal year from $3.8 million this fiscal year. Still, Mr. Cohen told the committee the administration was quibbling over "bits of money" when it came to internal staffing.

External management began last July for the teachers' fund when it

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Late news

Continued from page 1

proposal shortly to regulate out-of-state banks operating lockboxes.

The primary targets of the new rules are Wachovia Bank & Trust Co., Winston-Salem, N.C.; Mellon Bank, Pittsburgh; and Chase Manhattan Bank, New York. All three are operating lockbox collection points out of Georgia, enabling them to improve check collection times for their corporate clients on local items.

Under the commissioner's proposal, out-of-state banks can continue their in-state operations, but the proceeds of their collections will have to be deposited at local banks in the names of their corporate clients, said Robert Moler, deputy commissioner of banking.

All three banks had proposed clearing their collections through accounts set up at local banks but under their own bank names.

None of the banks plan to discontinue operating in Georgia as a result of the proposal, he added.

Fund official to retire

DENVER — Joseph Natale, executive secretary, has announced he will retire from the $4 billion Colorado Public Employees Retirement Association February 1985, after 21 years with the association.

There will be a national search for his replacement.

Pines to join TPF&C

CHICAGO — After 12 years with Meidinger Asset Planning Services Inc., Gary Pines has left to join Towers Perrin Forster & Crosby.

Fund exemption noted

WASHINGTON — Pension funds effectively are exempt from the restrictions placed on the insurance coverage of brokered deposits, according to Joe DiNuzzo, a senior attorney with the Federal Deposit Insurance Corp.

The FDIC and the Federal Home Loan Bank Board approved a regulation limiting insurance coverage to $100,000 on all deposits made by a broker to an institution.

But a pension fund that buys certificates of deposit through a trustee, plan administrator or investment manager is exempt as long as the instruments were not purchased through a deposit broker, according to Mr. DiNuzzo.

MOM lands first client

WESTPORT, Conn. — The consulting firm, Evaluation Associates, has landed a first bank client for its management of the managers program, dubbed MOM.

Huntington Bancshares Inc. of Ohio, holding company for the Huntington National Banks of Columbus and Cleveland, was named as the first bank signatory for the new program.

Consulting firm starts

NEW YORK — Paul Berg, president of Berg Fiduciary Consultants, and Barry Effron, president of Effron Enterprises Inc., have formed Plan Sponsor Network Inc. to provide consulting and information services to pension executives by microcomputer.

Investment arm split

MINNEAPOLIS — The IDS Advisory Group has split its investment management arm into two separate units: IDS Equity Advisors and IDS Fixed-Income Advisors.

Cowles hires three

MINNEAPOLIS — Cowles Media Co. hired Centerre Trust Co. of St. Louis, Vilas Fischer Associates, New York, and Pacific Financial Research, Beverly Hills, Calif., to be balanced managers for a portion of the firm's $60 million in employee benefit assets, according to John Coles, assistant treasurer.

Incentive fee pilot

MINNEAPOLIS — The Minneapolis Employees Retirement Fund is working out an incentive fee for a $100 million options overwrite program that Bankers Trust Co. will manage, said John Chenoweth, executive director and chief executive officer. In what will be a pilot program for Bankers Trust, its fee for managing the investment will rise and fall with its returns.

Marketing agreement

BOSTON — The Financial Trust Corp. has reached an agreement with Wright Investors' Service, Bridgeport, Conn., to market Wright's investment management services to small companies and individuals. The account minimum is $50,000.

According to Milton A. Corey, executive vice president, the arrangement gives investors diversification by allowing access to five different investment pools — equity, long-term corporate bonds short-term corporate bond, taxable government bond and money market.

Baltimore tops list

NEW YORK — A city of Baltimore Employees' Retirement System equity portfolio managed by Pioneering Management Corp. of Boston had the best investment return in 1983 among a universe of 118 public fund portfolios.

The fund had a return of 28.4% for the 12 months ended Dec. 31, 1983, according to a survey by Prudential-Bache Investment Management Services.

Another Baltimore portfolio managed by Pioneering, for the Fire & Police Retirement System, was the second best in the universe, with a return of 27.8%.

The best investment return among the funds in the universe for three years was the city of Dallas' $28.5 million portfolio managed by Alliance Capital Management's Dallas office, with a compound annual return of 23.9%.

A city of Spokane portfolio managed by a local firm, Wakely & Robertson, was second in the universe for three years, with a return of 18.7%. The city of Baltimore employees' system portfolio managed by Pioneering was third, with a compound annual return of 18.4%.

David G. Tildesley, portfolio manager for Pioneering, said the two Baltimore accounts are managed almost symmetrically in the same contrarian style.

"We tend not to play issues others are chasing," such as high technologies, he said. "We go after undervalued types of stocks," such as cyclicals and energy sectors.

The $28.5 million account run for the Dallas Employees' Retirement Fund by the local office of Alliance, a growth manager, was by far the top account out of the 85 tabulated during the past three years.

Raymond Fleming, administrator for the system, said he was not surprised that one of its eight managers, with the second largest amount of Dallas-owned equities in hand, would be rated so highly.

"Our investment philosophy and our investment advisers were always looking for performance," Mr. Fleming said. "That is just an affirmation of our investment approach and what we're doing. I'd be more surprised if we weren't doing this good. While the rest of the managers aren't way up there, they are doing well in their sectors."

Charles P. Lamb, Alliance's portfolio manager for the account, said, "Part of the credit for all this performance goes to the city. They have hired a very good consultant who is very conscious of diversified management style (Eppler, Guerin and Turner, a Dallas firm). And they have a very progressive board."

Alliance is one of two growth managers for Dallas, and has been working for the city fund during just about the three-year period. Mr. Fleming said he believes the Dallas Alliance office benefited from investing more heavily than usual in regional stocks.

Mr. Lamb agreed, after a fashion. He said the performance on the Dallas account is comparable to municipal accounts run out of the five other Alliance offices, and that Alliance portfolio managers more or less pick the same stocks from the firm's recommended list.

But, "in the Dallas office, we probably have a heavier weighting of Southwestern-based businesses because we have had an opportunity to be familiar with their names and the management of the companies," Mr. Lamb said.

Trinity Industries and the **Tyler Co.** are two equities he has been holding in greater quantity than the average Alliance manager, because the management of these local firms is looked upon favorably. **Ducommon** and **Kasler Corp.** are other "regional" firms that benefit Alliance clients.

The Spokane fund managed by Wakeley & Robertson was among the top portfolios for the year, with a return of 25.1%, as well as being the second best for three years.

William W. Bosch, director of the Spokane system, indicated familiarity with the local firm in the close-knit business community contributed to the selection of Wakeley & Roberston.

Mr. Robertson handled the Spokane account when he worked for the system's other equity manager, Composite Research and Management, also of Spokane. His spun-off company was hired when another manager was replaced.

"He was a very technical person," said Mr. Bosch. "He plotted each company, tracked them on a daily basis very tediously. The board was very impressed with this."

"They primarily use a fundamental orientation," said James E. Bennett, assistant director of the Spokane fund. "They're market timers to a degree and move to very large cash positions from time to time. They try to not time minor swings, but they avoid the major crashes.

"In the last couple to three years, they were pretty successful on the so-called disinflatory stocks," Mr. Bennett continued. "They've been going with institutional names."

He rattled off the names of **American Hospital Supply Corp., Halliburton Co., American Express Co., Digital Equipment Corp., General Electric Co., Hewlett-Packard Co., Gannett Co., Intel Corp., International Business Machines Corp., Johnson & Johnson, PepsiCo, SmithKline Corp., Travelers Insurance, Union Pacific Corp.** and **Waste Management Inc.**

He pointed out that Composite Research, which is somewhat larger than Wakeley, has had comparatively good performance results also (23.7% for 1983, 16.7% for the three-year term).

Composite tends not to time stocks, but to hold them.

"A small manager can compete very well with a large manager, primarily in the flexibility they have," Mr. Bennett said. "Plus, we're relatively small. It's not like trying to move the California fund out of the stock market. They're massive."

Paul Mann, one of the two partner/managers in Wakeley & Robertson, said the firm's willingness to go strongly into cash helped them be up 7% in 1981, when the average manager was down. "We place an emphasis on preservation of capital rather than in growth," he said. "Sometimes, on the big up years, we're slow to get back in, but maybe that helps us."

The firm uses the Pacific Northwest as its marketing base and is "a top-down fundamentalist, but a little bit eclectic, too," he said. ■

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Corrections

• A chart in the April 2 issue incorrectly listed **CIGNA Corp.**'s commitment to international investments. CIGNA had $35 million invested internationally in 1983, compared with $26 million in 1982.

• **Provident National Assurance Co.**, not its parent company, will handle the guaranteed investment contracts for Burroughs Corp.'s new 401(k) plan reported in the March 19 issue.

• South Carolina National Bank is trustee and custodian of **Seibels, Bruce & Co.'s** profit-sharing trust. Alliance Capital Management's New York office is co-manager for the company's $30 million fund.

Opinion

Are fiduciaries ignoring their duty?

PENSION FUND fiduciaries and trustees might be ignoring their fiduciary duties in hostile takeover battles where the board of directors of the target company makes a special deal to buy off the unwelcome suitor.

None of them has taken any action to protest the special deals, although these deals might have been detrimental to the interests of their clients.

For example, when Warner Communications agreed to buy back the Warner shares held by Rupert Murdoch at a price far above the market price of the stock, should the institutional shareholders not have intervened?

Should they not have demanded the same deal for their clients?

The questions are prompted by the rash of corporate takeovers and takeover attempts in the past months. In a number of cases, the boards of directors have bought off the unwelcome suitors by paying substantial premiums to repurchase company stock.

In effect, the directors of the target companies have used corporate assets, assets that belong to all shareholders, to pay a special premium to one shareholder or a small group of shareholders.

In virtually every case, the non-favored shareholders have gone along with the deal without a whimper.

Surely, institutional shareholders should have challenged this use of corporate assets. Surely, they should have demanded that the directors show their actions served a broader corporate purpose than simply preserving the current management. Surely, they should have filed suit to force the directors' actions to be put to a shareholder vote.

In some cases, the general shareholders would have been better off if the suitor had gone ahead with the takeover attempt, bidding up the stock prices. In some cases too, the shareholders would have been better off if new management had won control of the company.

By buying off the suitors, the boards of directors have prevented the shareholders from voting with their shares. If the tender offers had been allowed to proceed, the shareholders would have been able to decide for themselves if the price offered for their shares was attractive enough for them to go against management and accept the deal.

If all of the shareholders remain neutral in such situations, where one shareholder is being favored at the possible detriment to all other shareholders, then an element of ownership is eliminated.

Pension fund fiduciaries and other institutional shareowners as trustees should not allow such actions to be taken without protest.

If the trustees won't take action on their own volition, perhaps someone in government should provide a little stimulus.

Decision leaves retirees out in the cold

THE REAGAN administration's decision to allow employers to use two methods of terminating pension plans to recapture assets ignores the impact of the methods on a key group of people — the retired beneficiaries.

The decision, reported in the April 2 issue of *Pensions & Investment Age*, makes no provision for protecting retired employees. It also ignores that current employees can be hurt in the termination/re-establishment method.

Under most pension plans, retired employees receive no inflation protection. However, many employers periodically grant pension increases to retired beneficiaries to at least partly offset the impact of inflation. If this is done out of pension assets, it may be done on a tax-exempt basis. If out of corporate assets, it must come from after-tax earnings.

When plans are terminated, employers buy annuities to provide for retired employees' benefits. This is usually where the surplus arises, because the implied interest rates on annuities are far higher than those assumed in the pension plan.

Once annuities have been bought for the retired employees, it is very difficult for corporations to provide any periodic adjustment for inflation. Because the retirees no longer have any connection with the plan, benefit improvements cannot come from plan assets. Few companies are likely to take after-tax earnings to buy additional annuities for retired employees.

Therefore, it is unlikely retired employees will get any inflation adjustments from their companies once the plan under which they were covered has been terminated.

The only way for these employees to receive any inflation protection is for it to be provided during the termination process by giving them a share in any surplus assets.

Editor's desk

THE conversion of the investment management operations of bank trust departments into separate subsidiaries will not solve their problems in retaining investment talent or market share, contends H. Kent Atkins, senior vice president at Bankers Trust Co.

Changing the name of the organization and paying employees more competitive salaries are not sufficient, he said. In his view, morale has been as much a problem as money.

Money has been a problem: bank salaries have trailed those of investment counseling firms. But a major reason banks lose some of their best players is that the investment staff wants to believe they are playing on the winning team, that they are working for an exciting organization that is going places. The excitement seems to be with the boutiques.

"Money is always an issue, but it is not *the* issue," said Mr. Atkins. "The culture and the environment have to be right or you are going to go somewhere else."

He pointed to the departures of two senior portfolio managers from Forstmann-Leff Associates: "Why did those guys leave? Not for money. They were probably making as much money as a person could want."

It might have been to do their own thing, but most likely it was because of some change in the environment, Mr. Atkins said.

Just because a bank spins off an investment management subsidiary and can pay its money managers more than it pays loan officers, the problem is not solved, according to Mr. Atkins. "If the place is not an exciting place to work, they will not stay," he said.

For this reason, Mr. Atkins has not followed the example of Chemical Bank, Manufacturers Hanover Trust, InterFirst Bank in Dallas and Northern Trust, in breaking out the investment management operation into a subsidiary.

Instead, he has separated the investment management operation from the other trust operations and has concentrated on making it an exciting place to work and on making its salaries competitive.

In the past two years, the investment management team has been pared from about 100 members to 70. Each of the dozen portfolio managers has some research responsibilities, while the analysts have been relieved of providing research to other banks.

"Previously the analysts were trying to supply research to various kinds of clients — other banks, tax-exempt clients and personal clients," said Mr. Atkins.

He has tried to reduce the bureaucracy in the process by giving the portfolio managers more responsibility and more freedom, and engaging them more directly in the investment policy decisions.

He even involves them in the annual business review. "If you go through the business review of your company and you see revenues, profits and your own paycheck going up, it's a pretty exciting place to work," he said.

Everyone involved in the department is now in an incentive compensation scheme. Portfolio managers' incentive compensation will be based on both long- and short-term criteria. Security analysts will be judged on how recommended stocks have performed and on how well they have supplied the information needs of the portfolio managers.

"We have tried to gear the total compensation package to be just inside the first quartile of the total universe of money managers," said Mr. Atkins.

Of course, Bankers Trust must prove it can produce consistently good returns.

Mr. Atkins also must make Bankers Trust an exciting enough place to work to keep the investment professionals from wanting to start their own firms.

So far, the reviews are mixed.

Last year, the composite return of all its equity funds was 22.9% compared with 22.3% for the Standard & Poor's 500 stock index. While its common equity pooled fund was up only 17.6%, its index fund outperformed the index coming in at 23.7%, and its special equity fund was up 20.6%.

For five years and 10 years, the special equity fund is in the top 20% of the Pensions & Investments' Performance Evaluation Report universe, with compound annual returns of 31.4% and 18.9% respectively. And just last month Seth Lynn and Robert Windsor, two key vice presidents running Bankers' index funds and other passive products, left to start their own firm.

Certainly, Bankers has convinced sponsors it can run an index fund. Last year, the bulk of the $4 billion in new business added by the bank was in indexed assets.

But Mr. Atkins will have the same problem as the bank investment counseling subsidiaries in convincing sponsors that their investment management operations have generated new excitement.

"If it looks like a bank, sounds like a bank, smells like a bank, it is a bank," said the executive of a major East Coast fund. *M.J.C.* ■

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Who manages the money?

The leading advisers — page 15

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Partnership bill severity pondered

By Mark Westerbeck

WASHINGTON — Proposals added to Senate legislation would help university endowments and charitable foundations invest in real estate, but might prohibit some real estate partnerships between pension funds and taxable investors.

At the behest of the Treasury Department, the Senate Finance Committee is trying to ensure that pension trusts do not give over a disproportionate allocation of tax benefits to taxable partners. One source called it "artificially trading in tax benefits."

The interpretations on how the new and changeable part of the bill on partnerships will affect pension funds have ranged from "severely restricts" to "prohibits," according to legal sources.

All lawyers contacted agreed the proposed law would not affect participating mortgage arrangements, in which the tax-exempt trust is not an equity partner, but benefits from an equity kicker, such as a percentage of the cash flow and the sale of the property.

However, in a partnership situation in which a pension fund, for example, acquires a 90% stake and a taxable partner 10%, the proposed law says unrelated business income from that property no longer would be treated as tax-exempt: Now, pension trusts can carry into the partnership an exemption from unrelated business income taxation.

The proposals — part of the deficit reduction bill that has been written to lop $74 billion from the federal shortfall — were set last week as part of the legislative package to be submitted to a joint committee of Congress.

One source said some pension real estate elements have been "moving quickly" in committee. He believes at least a part, particularly those involving partnerships, "will get changed."

Here are the proposal's key provisions affecting tax-exempt investors:

• Real estate money managers and advisers would be allowed to commingle funds from university endowments and foundations with funds from public and private pension funds.

James Merritt, a Washington attorney championing this legislation on behalf of The RREEF Funds, said non-retirement tax-exempt state and government assets also would be included. Commingling of public pension fund money with corporate funds has been allowed just within the past two years.

• Endowments would be allowed to invest in debt-financed real estate, with income from that property not taxable as unrelated business income. Pension funds have

Continued on page 115

Forms sent

Questionnaires for *Pensions & Investment Age's* master trust directory issue have been mailed to major master trust banks. Banks that participated last year have received copies of that profile to be updated. These should be returned immediately to *P&I Age*.

Banks with more than $300 million, which did not participate last year or have not received a copy of last year's profile for revision, should call Eddy Christman at (212) 210-0115.

The questionnaires and profiles for the international investment manager and Canadian manager directory issues also have been mailed.

PBGC relief bill scotched amid dispute

By Joel Chernoff

WASHINGTON — The Pension Benefit Guaranty Corp. apparently will not get any legislative relief this year from unfunded liabilities being dumped on it.

An effort to devise a compromise bill that would have been tacked onto the House budget reconciliation measure was scotched because of an argument on a key provision.

That provision would require union consent for termination of collectively bargained plans. Some argued it would have reversed partially a U.S. Supreme Court decision allowing employers in bankruptcy proceedings to terminate their collective bargaining contracts. Others suggested that some parts of the business community, notably the U.S. Chamber of Commerce, sought to kill the bill. The chamber denied those charges, and said it is committed to passing legislation. "Sounds like sour grapes," said Michael J. Romig, the group's benefits lobbyist.

The dispute occurred at a closed-door meeting April 9. Attending the meeting were representatives of the House Labor Subcommittee on Labor-Management Relations, the PBGC, the Association of Private Pension and Welfare Plans, the ERISA Industry Committee and the United Auto Workers.

The outcome has split the business community. "That meeting was a disaster," one expert said.

Rep. John R. Erlenborn, R-Ill., one of the House bill's co-sponsors who raised objections to the union

Continued on page 113

A tanker loads crude oil in Alaska at the southern end of the pipeline

Senate action expected on union fund exemption

By Marci Baker

WASHINGTON — The fate of about $100 million of Alaska multiemployer pension money, effectively on ice since 1979, could be decided by Congress within the next few weeks.

Tax legislation in the Senate includes a special exemption for at least five union funds from the partial termination rules under the Employee Retirement Income Security Act and the Internal Revenue Code. The union funds cover employees that worked on the Trans-Alaska Pipeline.

The amendment, sponsored by Alaska Sen. Ted Stevens, is backed by the union plans, which have been seeking clarification of partial termination rules from the Internal Revenue Service.

However, the special exemption likely will be opposed by the Pension Rights Center in Washington, and at least one dissident member of the Alaska Laborers Union, Chris Smith. They believe the high turnover of pipeline employees covered under the plans justifies partial termination under existing IRS rules.

Mr. Smith, when informed of the amendment last week, said, "This provision, if passed, could totally destroy the deterrent values toward abuse which ERISA and IRS regulations provide for."

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Late news

Continued from page 3

assets to $3.4 billion, a $700 million rise from the previous year.

For the fiscal year ended Sept. 30, 1983, the foundation's U.S. and international equity portfolios returned 42.8% each.

U.S. fixed-income investments returned 14.6%; real estate, 0.4%; venture capital, 117.6%; and short-term investments, 9.6%.

Supreme Court rules

WASHINGTON — Multiemployer pension funds can sue contributing employers for not making their contributions, without first resorting to arbitration, the U.S. Supreme Court ruled.

The high court held the agreements between the Central States Teamsters pension and health and welfare funds and two moving companies did not indicate any intention to require arbitration of contractual disputes between trustees and employers.

Separately, the court let stand a ruling allowing Minnesota to temporarily increase employee contributions to the state public pension funds, while allowing the state to use its contributions for general purposes or postpone making the contributions for six months.

Unions in proxy fight

NEW YORK — Shareholders of Capital Cities Communications Inc. stock will vote May 10 on a proxy resolution requiring the company to report on its labor practices.

The proposal, sponsored by the League for Industrial Democracy, last year garnered an 11% favorable response, but labor groups insist the company has taken steps to block it. However, the company's attorney said the resolution is a screen for labor negotiations now under way at a Kansas City newspaper.

This year, the Securities and Exchange Commission issued a no-action letter, saying the agency would not prosecute Capital Cities for not including the resolution. After Capital Cities rejected the proposal, the International Typographical Union mailed a preliminary endorsement of the resolution to 65 institutional investors and shareholders.

Capital Cities obtained a court order April 16 halting the mailings, claiming they were "false and misleading." Four days later, the parties settled on a revised resolution.

PIPER preliminaries

NEW YORK — The median bank or insurance company pooled equity fund was down 4.9% in the first quarter, according to preliminary results from Pensions and Investments' Performance Evaluation Report.

The Standard & Poor's 500 stock index, with a return of -2.4% for the quarter ended March 31, significantly outperformed the median equity fund for the same period, and the median special equity fund return of -7.7%.

The S&P 500 also outperformed the median equity and special equity funds for the year ended March 31. It was up 8.7% compared with a return of 3% for the median equity fund and -0.9% for the median special equity fund.

For the first quarter, the median fixed-income fund had a return of 3.6% compared with the Lehman Brothers Kuhn Loeb Government/Corporate Bond index return of 0.5%. The Salomon Brothers High Grade Bond index showed a -1.4% return during the period.

Consultants tapped

LOS ANGELES — The $4.1 billion Los Angeles County Employees Retirement Association has changed its approach to equity real estate to rectify a program that has had more unconsummated forward commitment deals than properties in its portfolio.

Proposals will be routed through three firms acting as consultants: Pension Realty Advisors Inc., San Francisco; and Scudder Realty Advisers Inc., and Kotin, Regan & Mouchly Inc., both of Los Angeles.

Other money movers

• NEW YORK — Household International Inc. has hired three new managers to run portions of its $450 million master trust. Fidelity Management Trust Co., Boston, and INVESCO Capital Management Inc., Atlanta, began managing $30 million and $15 million, respectively, in equities April 1. Eberstadt Asset Management Inc., New York, is scheduled to take on a $10 million fixed-income account May 1.

• CHICAGO — The $650 million Chicago Policemen's Annuity and Benefit Fund has hired Frank Russell Trust Co., Tacoma, Wash., and Heitman Financial Services, New York, for its first move into equity real estate for $50 million each.

• OAK BROOK, Ill. — Chicago Bridge & Iron Co. hired Chase Investors Management Corp., New York, to run a $15 million portfolio of small-capitalization stocks.

• TROY, Mich. — K mart Corp. has selected three commingled real estate funds for its $600 million fund's first investment in real estate equities.

Fund officers would not comment, but sources said $20 million apiece had been earmarked to pools run by Smith, Barney Real Estate Corp., New York; JMB Institutional Realty, Chicago; and Equitec Institutional Realty Advisers Inc., Oakland, Calif.

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"Dancing Dollars" neon sculpture — Light & Space Design

Investment adviser profiles

Total assets increase to more than $1 trillion

NEW YORK — The total assets managed by the nation's 100 largest money managers increased to more than $1 trillion in 1983, *Pensions & Investment Age's* annual survey shows.

The total assets of the 100 largest asset management organizations totaled $1,118.8 billion as of Jan. 1, 1984. Those organizations include banks, insurance companies and investment counseling firms.

Within that total, the 100 largest managers of *tax-exempt* assets controlled total assets of $1,085 billion and invested $707 billion of tax-exempt assets for pension and profit-sharing plans, endowments and foundations. This represented an increase of 13.5% in total assets and 19.1% in tax-exempt assets.

The growth in tax-exempt assets came from pension fund contributions; stock market returns of 22.6%, as measured by the Standard & Poor's 500 index; bond returns of 8.0%, as measured by the Lehman Brothers Kuhn Loeb index; and short-term returns of 8.69%.

Among the top 100 managers of tax-exempt assets were 41 banks, 21 insurance companies and 38 investment counseling firms.

Banks, trust companies and bank investment counseling subsidiaries managed 38% of the tax-exempt assets; insurance companies managed 34.2%; and investment counseling firms managed 27.8%.

While the bank share of the market was up almost 2%, this largely was the result of including the assets of bank investment counseling subsidiaries in the bank classification, rather than in the investment counseling classification as they had been in the past.

The change was made because so many large banks — including Manufacturers Hanover Trust, Chemical Bank, Bank of New York and Northern Trust — have broken off their trust operations into investment management subsidiaries in the past year. To have included these subsidiaries in the investment counseling category would have distorted the market share figures for both the bank and the investment counseling categories.

Extraordinary asset growth was shown by some large money management firms, including trust departments and investment management subsidiaries of banks such as Bankers Trust, Manufacturers Hanover and Citibank, up 50%, 97% and 50% respectively.

However, once again, small and medium-sized money managers grew faster than the very largest firms.

While the tax-exempt assets managed by the 100 largest pension fund managers grew by 19.1%, the tax-exempt assets of managers outside the top 100 grew by 26.8%, to $136.9 billion.

The figures suggest that pension funds, endowments and foundations still prefer not to hire the very largest money managers, apparently because they believe it difficult for such managers to be flexible with their investment strategies.

The figures for growth by the 100 largest managers would have been even less impressive had it not been for a number of large appointments by giant public funds, many seeking indexed management.

The 648 investment management firms profiled in this issue had total assets under management as of Jan. 1 of $1.6 trillion, and tax-exempt assets of $926 billion. The number of investment counseling firms totaled 510; banks, 109; and insurance companies, 29.

The average asset mix, as of Jan. 1, was 52% common stocks, 30% bonds, 10% cash equivalents, 4% real estate equity, 3% mortgages and 1% other investments.

However, the average asset mix differed by type of manager.

Independent investment counseling firms, for example, were 54% in stocks, 22% in bonds, 13% in cash equivalents, 6% in real estate equities, 2% in mortgages and 3% in other investments. At the other end of the scale, insurance companies were 26% in stocks in their separate accounts, 33% in bonds, 10% in cash, 8% in real estate equity, 13% in mortgages and 10% in other investments.

The 25 companies reporting the largest amounts of real estate investments had $22.9 billion equity real estate investments and $22 billion in mortgages.

Teachers Insurance and Annuity Association/College Retirement Equity Fund was the largest manager of real estate investments, at $7.8 billion, of which $6.9 billion was in mortgages. The largest manager of real estate equity investments was Prudential Insurance Co. of America, with $5.4 billion in its real estate separate accounts.

The firms profiled reported investing $27.7 billion in international investments for U.S. tax-exempt clients, $18.5 billion of it in international equities and $7.5 billion in international bonds. Morgan Guaranty Trust Co. remained the largest international manager, with $5.2 billion invested overseas, of which $2.7 billion was in equities, $2.2 billion in foreign bonds, and the remainder in cash equivalents.

The investment management firms profiled employed 4,179 portfolio managers and 4,678 security analysts. The average company followed 179 stocks closely and 576 less closely. They generated 60% of their research internally. Options were used by 182 of the money managers, while 69 reported using fixed-income futures and 46 reported using stock index futures.

Bankers Trust surpassed Morgan Guaranty Trust as the largest bank or trust company in terms of tax-exempt assets managed. Its tax-exempt assets managed climbed to $28.3 billion from $18.8 billion the previous year, largely on the strength of several appointments by public pension funds for indexed management.

Alliance Capital Management retained its position as the largest investment counseling firm in terms of tax-exempt assets managed, with $16.3 billion. It was followed again by State Street Research and Management, $11 billion. Batterymarch Financial Management moved into third place, with $10.9 billion.

Equitable Life Assurance Society of the United States remained the largest insurance company in terms of tax-exempt assets under management, with $36.2 billion, followed by Prudential, with $29.8 billion, and Aetna Life & Casualty, with $26.8 billion. ■

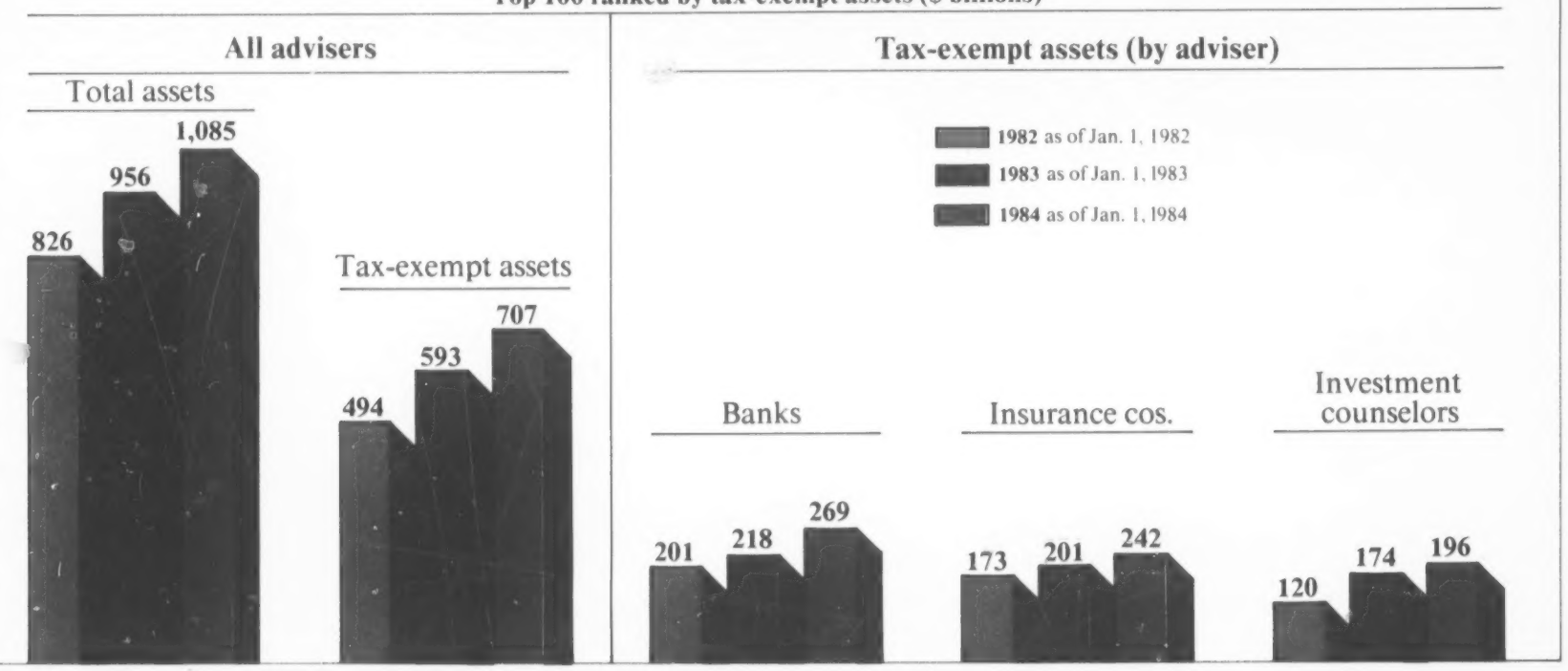
The total assets of the 100 largest asset management organizations totaled $1,118.8 billion as of Jan. 1, 1984. Within that total, the 100 largest managers of tax-exempt assets controlled total assets of $1,085 billion and invested $707 billion of tax-exempt assets for pension and profit-sharing plans, endowments and foundations. This represented an increase of 13.5% in total assets and 19.1% in tax-exempt assets.

Who manages the money?

$683 billion tax-exempt assets managed by the top 100 advisers as of Jan. 1, 1984

Growth in assets of the top 100

Top 100 ranked by tax-exempt assets ($ billions)



Investment adviser profiles

Banks get lion's share of tax-exempt assets

By Marci Baker

NEW YORK — Banks and their investment subsidiaries grabbed the largest share of tax-exempt assets in 1983, according to *Pensions & Investment Age's* annual ranking of money managers.

Among the Top 100 investment organizations, banks lassoed 39.6% of the $686.2 billion total tax-exempt assets run by these managers, a 2.8% increase from the previous year.

At the same time, insurance companies decreased their share by 2.2%, to 31.7%, while independent investment counselors showed a modest 0.6% decline, to 28.7%.

Bankers Trust, whose 1983 tax-exempt investment assets increased 50% to $28.3 billion, took first place among banks this year, and moved to fourth place from seventh in the overall ranking.

However, it was Manufacturers Hanover Investment Corp., the investment arm of Manufacturers Hanover Trust, that produced the largest percentage rise in assets. Its assets jumped 90% in 1983, to $24 billion from $11.6 billion. As a result, it moved to seventh place from 11th.

Market appreciation is one reason for the strong showing by banks. For example, Jeff Mills, senior vice president at Manufacturers Hanover, said roughly 20% of the bank's dollar increase in assets represented investment performance.

(*P&I Age* also included bank investment subsidiaries under the banking heading rather than the investment counselor heading as was done last year.)

However, new business from public pension funds was a major contributor as well.

Manufacturers Hanover, for example, boosted assets under management by $8.4 billion when it was retained as interim fixed-income manager last year by the California State Teachers' Retirement System, said Mr. Mills. Assets jumped another $2 billion with the formal merger with its MH/Edie subsidiary, previously listed separately in the ranking.

Other major banks, moreover, increased their asset base as a result of public pension plans' attraction to passive equity index funds.

"I'd say at least 50% of our new passive index accounts came from the public side," said Janelle Rossignol, vice president-marketing at Bankers Trust. The bank's index product was one of the key contributors to its $9.5 billion rise in tax-exempt assets.

Although a number of large companies, including Chrysler Corp., were drawn to the product last year for their pension plans, Bankers' largest accounts clearly were won in the public arena. Among those signing on were California Public Employees Retirement System, for $3.5 billion; the Florida State Board of Administration, for $200 million; and the Alaska Permanent Fund, for $100 million.

Passive investment accounts, particularly from public pension funds, figured prominently in boosting Wells Fargo Bank's tax-exempt asset base 26% as well, according to Thomas Middleton, vice president-marketing.

Wells Fargo, with $12.9 billion in tax-exempt assets, ranks fifth among banks and 13th overall this year. The Pennsylvania State Employees Retirement System, which awarded the bank $300 million for a Standard & Poor's index fund last year, was among the bank's largest new accounts. Its passive fixed-income product attracted $330 million from one corporate sponsor as well.

Although many major banks realized impressive percentage gains in their asset base, insurance companies continued to take the top positions in the overall manager rankings.

Equitable Life Assurance Society of the United States, as in last year's survey, led the pack, with $36.2 billion in total tax-exempt assets, an 11% rise from 1982. TIAA-CREF, whose assets increased 23% in 1983, to $31 billion, displaced Prudential Insurance Co. of America as runner-up. Prudential came in third with $29.9 billion, a 9% increase from the previous year.

The largest jumps in rankings, however, continued to come from the independent investment counselors with attractive investment concepts and impressive investment gains.

Sanford C. Bernstein & Co., with $1.8 billion in tax-exempt assets, leapt to 121st place from 257th because of a 362% rise in assets. "A large portion of that came from new equity business," said Richard Abramson, director of the firm's pension asset advisers department. He noted the firm's 1983 equity investments were up 28%.

Bernstein's expanded marketing effort beyond its traditional middle-market pension emphasis has led to gaining a number of large accounts as well. Among its largest accounts won during 1983 was the New York State Teachers Retirement System, which awarded the manager $150 million for equities.

Other investment counselors substantially improved their ranking this year by more than doubling their tax-exempt money.

Provident Investment Counsel, which runs $1.2 billion, moved up 70 notches to 170th place through a 150% rise in assets. Dimensional Fund Advisors, whose small company mutual fund increased in size by 240%, catapulted to 181 from its ranking last year of 295.

At least one bank investment subsidiary increased assets by more than 100% as well. United Bank of Denver's United Capital Management produced a 130% gain in tax-exempt assets, thus moving the manager up 58 notches to 130th place.

Not all managers realized gains in their asset bases last year, however. Fayez Sarofim & Co. and Hoisington Investment Management, whose misses in market opportunities led to poor performance and an erosion of their client bases, saw their tax-exempt assets decline last year. Sarofim, which lost $800 million or 9.5% of its assets, dropped to 26th place from 18th. At the same time, Hoisington lost $400 million or 29% of its asset base, putting the firm in 177th place, down from 126th the previous year.

A number of banks dropped in the rankings as well, including Harris Trust & Savings Bank, Northern Trust and Bank of New York. However, declines in assets at the latter two resulted from a portion of their tax-exempt assets being housed under new investment subsidiaries. ■

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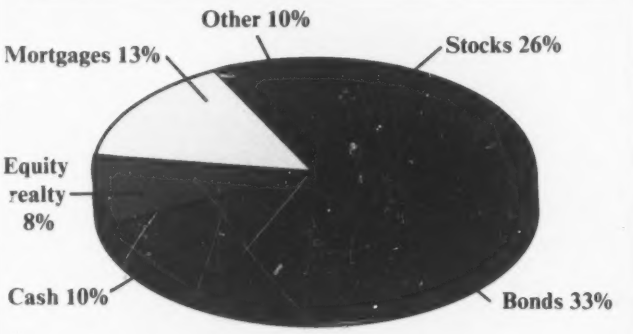
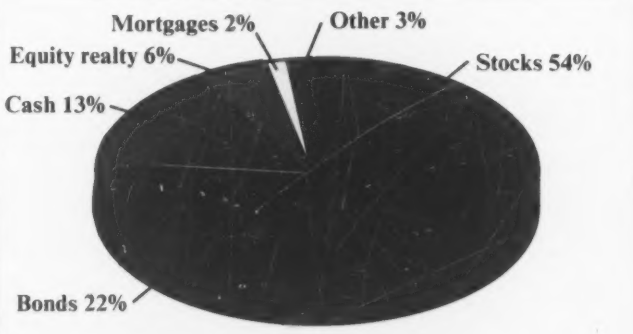
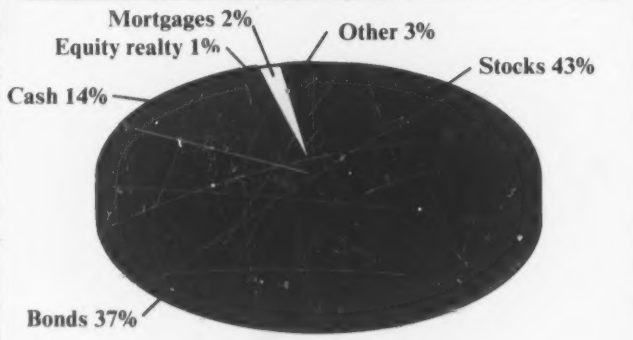
Tax—exempt asset mix (by adviser)



Insurance cos.



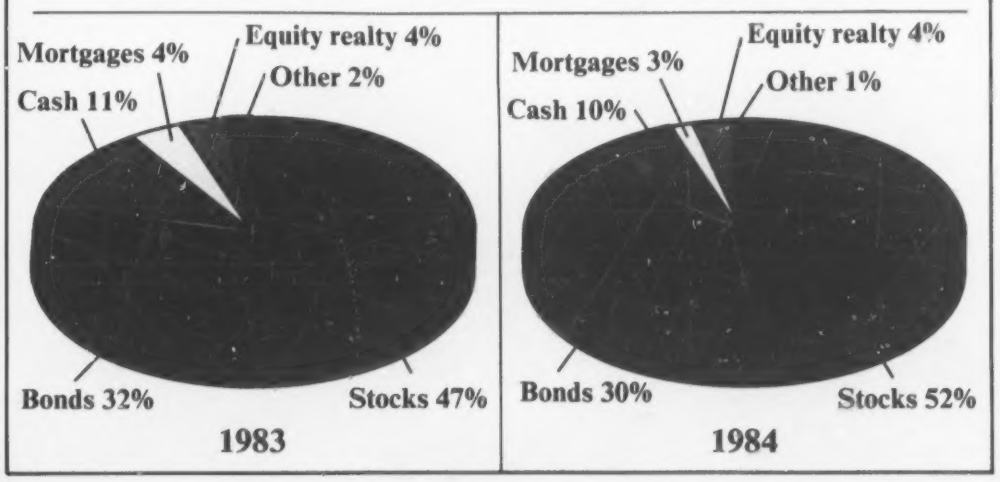
Investment counselors



Banks

(Tax-exempt assets under management)

The top 200 money managers' average asset mix



Survey method detailed

The information on investment advisers contained in this issue was developed by *Pensions & Investment Age* from answers to detailed questionnaires sent to banks and trust companies, bank investment management subsidiaries, insurance companies and investment counselors across the country.

Investment advisers with no tax-exempt money under management are not listed, although 21 respondents fit into that category.

The companies were asked to provide total assets under management, tax-exempt assets under management and the amount that is fully discretionary. They also were asked to provide their asset mix as of Jan. 1, 1984, kinds and number of clients and their involvement in specialized investment vehicles such as international, real estate, options and futures.

Profiles also include the investment approach and number of portfolio managers and research analysts. If no research staff is listed, in most cases that means the portfolio managers also serve as research analysts.

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Key to abbreviations

C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State, local governments
J: Jointly trusteed

Firms listed

On the following pages, *Pensions & Investment Age* presents sketches of the nation's leading money managers. A ranking by tax-exempt assets of all managers and a ranking by total assets of the Top 100 managers also are included.

Managers ranked by tax-exempt assets

	Manager	As of Jan. 1 ($ millions) Tax-exempt	Total
1.	Equitable Life Assurance	36,163	50,200
2.	TIAA-CREF	31,000	31,000
3.	Prudential Insurance	29,859	72,249
4.	Bankers Trust	28,300	28,300
5.	Aetna Life & Casualty	26,882	58,578
6.	Metropolitan Insurance	25,897	55,654
7.	Morgan Guaranty	25,466	37,543
8.	Manufacturers Hanover	24,000	24,000
9.	Citicorp	18,418	22,894
10.	Alliance Capital	16,344	16,712
11.	Travelers Insurance Co.	15,024	37,541
12.	CIGNA Corp.	14,372	31,600
13.	Wells Fargo	12,900	13,100
14.	John Hancock	12,300	23,400
15.	Chase Investors	11,000	15,000
16.	State Street Research	11,000	12,000
17.	Batterymarch	10,984	11,145
18.	Jennison Associates	10,600	10,600
19.	Capital Guardian Trust	10,098	10,098
20.	Wilmington Trust	10,000	15,000
21.	Loomis, Sayles & Co.	9,813	12,475
22.	Mellon Bank	9,184	14,559
23.	Favia, Hill & Associates	8,700	8,700
24.	The Bankers Life	7,976	11,358
25.	State Street Bank & Trust	7,956	9,824
26.	Fayez Sarofim & Co.	7,660	8,583
27.	T. Rowe Price Associates	7,445	16,100
28.	Scudder, Stevens & Clark	6,927	12,371
29.	The Putnam Advisory Co.	6,792	6,818
30.	Fiduciary Trust Co.	6,200	8,300
31.	American National-Chicago	6,148	6,591
32.	Brown Brothers Harriman	6,140	9,620
33.	Delaware Investment	6,000	6,000
34.	Thorndike, Doran, Paine	5,849	12,346
35.	Harris Trust	5,636	11,736
36.	Criterion Investment	5,600	7,000
37.	Lehman Management	5,484	9,190
38.	New York Life	5,353	19,625
39.	Pacific Investment	5,310	5,342
40.	Trust Co. of the West	5,300	5,500
41.	First Chicago	5,292	5,631
42.	MacKay-Shields	5,240	5,251
43.	Fischer, Francis	5,007	5,340
44.	Forstmann-Leff	4,931	4,961
45.	Stein Roe & Farnham	4,900	8,000
46.	The Boston Co.	4,684	7,565
47.	Oppenheimer Capital	4,666	4,995
48.	AmeriTrust Co.	4,600	8,004
49.	Continental Illinois	4,577	10,812
50.	Rosenberg Capital	4,540	4,862
51.	Northern Trust	4,308	13,576
52.	National Bank of Detroit	4,273	6,364
53.	New England Mutual	4,129	8,488
54.	Massachusetts Mutual	4,000	12,000
55.	Lincoln National	3,823	10,000
56.	Mutual Benefit Life	3,700	7,898
57.	IDS Advisory Group	3,667	3,667
58.	RepublicBank-Dallas	3,511	6,300
59.	Miller, Anderson & Sherrerd	3,502	3,502
60.	Great-West Life	3,500	8,000
61.	Boatmen's Trust Division	3,466	4,570
62.	Security Pacific Investment	3,400	3,600
63.	Capital Supervisors	3,271	3,330
64.	Bernstein-Macaulay	3,258	3,313
65.	BEA Associates	3,204	3,393
66.	MONY	3,100	9,200
67.	Crocker National Bank	3,100	6,200
68.	Crocker Investment Mgmt.	3,051	3,101
69.	Kemper Financial Services	2,970	2,970
70.	Centerre Trust-St. Louis	2,957	6,115
71.	InterFirst Investment	2,802	5,148
72.	Pittsburgh National Bank	2,715	3,768
73.	Lincoln Capital	2,653	2,680
74.	Irving Trust	2,600	5,200
75.	Texas Commerce Bank	2,592	4,200
76.	Connecticut National Bank	2,590	3,949
77.	National City Bank	2,584	5,112
78.	U.S. Trust Co. of New York	2,500	9,200
79.	Eberstadt Asset	2,485	2,530
80.	Neuberger & Berman	2,467	5,421
81.	Union Mutual Life	2,466	4,062
82.	Mass. Financial Services	2,453	2,663
83.	Wachovia Bank	2,433	4,121
84.	INVESCO Capital Mgmt.	2,412	2,512
85.	NCNB National Bank	2,411	4,020
86.	American Fletcher National	2,401	3,553
87.	Transamerica Investment	2,400	5,300
88.	First City Nat'l-Houston	2,375	3,143
89.	Bank of New York	2,366	5,686
90.	Lord, Abbett & Co.	2,338	5,611
91.	Weiss Peck & Greer	2,300	2,718
92.	The RREEF Funds	2,300	2,300
93.	Trust Co. Bank	2,300	4,400
94.	ASB Capital Management	2,251	2,595
95.	Pacific Mutual Life	2,244	3,739
96.	Mercantile Trust	2,200	4,100
97.	Corporate Property Investors	2,200	2,200
98.	Lazard Freres Asset Mgmt.	2,200	2,900
99.	Torray & Clark	2,200	2,200
100.	Brundage, Story & Rose	2,200	3,300
101.	BA Investment Mgmt.	2,195	3,084
102.	The Griffin Group	2,188	2,188
103.	Bank of Boston	2,150	2,150
104.	Hibernia National Bank	2,141	2,292
105.	Fred Alger Management	2,104	2,236
106.	Manufacturers Nat'l, Detroit	2,100	3,300
107.	Columbia Management	2,043	2,644
108.	Century Capital Associates	2,042	2,042
109.	AmSouth Bank	2,000	3,300
110.	Bank of Oklahoma	2,000	2,830
111.	McMorgan & Co.	2,000	2,000
112.	Mutual of America Life	2,000	2,000
113.	First Pennsylvania	1,989	3,774
114.	Continental Assurance	1,947	3,800
115.	Kennedy Associates	1,944	1,944
116.	FNB of Atlanta	1,900	2,500
117.	Dodge & Cox	1,885	2,260
118.	Indiana National Bank	1,872	3,640
119.	Dreyfus Management	1,850	1,850
120.	Endowment Management	1,836	1,865
121.	Sanford C. Bernstein & Co.	1,800	2,500
122.	Travelers Investment Mgmt.	1,776	2,493
123.	Connecticut Bank & Trust	1,753	3,721
124.	Norwest Bank Minneapolis	1,700	3,200
125.	Merrill Lynch Asset Mgmt	1,700	2,200
126.	Comerica Bank-Detroit	1,700	5,975
127.	First Asset Management	1,697	2,032
128.	L.F. Rothschild Asset Mgmt.	1,684	1,684
129.	Girard Bank	1,641	5,210
130.	United Capital Management	1,632	1,754
131.	Templeton Investment Counsel	1,628	3,678
132.	First Trust of St. Paul	1,625	4,360
133.	Investment Advisers	1,600	1,800
134.	Western Asset Management	1,516	2,122
135.	Shields Asset Management	1,501	1,510
136.	Pioneering Management	1,500	4,100
137.	C&S Investment	1,480	2,400
138.	Atalanta/Sosnoff Capital Corp.	1,425	1,500
139.	Wilshire Associates	1,400	1,400
140.	Wertheim Asset Management	1,371	1,371
141.	Todd Investment Advisors	1,348	1,359
142.	Morgan Stanley Asset Mgmt.	1,335	2,317
143.	David L. Babson	1,329	2,748
144.	Mercantile-Safe Deposit	1,318	3,186
145.	Value Line Asset Management	1,310	1,320
146.	Wright Investors' Service	1,308	1,398
147.	Institutional Capital	1,300	1,300
148.	Denver Investment Advisors	1,300	1,300
149.	Latimer & Buck	1,250	1,250
150.	United Missouri Investment	1,242	1,940
151.	Provident Capital Management	1,220	1,220
152.	Standish, Ayer & Wood	1,217	3,907
153.	Shawmut Banks	1,210	2,700
154.	Heitman Advisory	1,200	1,500
155.	Fleet National Bank	1,200	1,900
156.	Copley Real Estate Advisors	1,192	3,000
157.	First Wisconsin Trust	1,184	2,184
158.	J. & W. Seligman	1,165	1,675
159.	Gardner & Preston Moss	1,162	1,889
160.	Wentworth Hauser & Violich	1,148	1,273
161.	The Vanguard Group	1,144	2,860
162.	MPT Associates	1,142	1,142
163.	Frank Russell Trust Co.	1,131	1,131
164.	M.D. Sass Investors	1,128	1,348
165.	Frank Russell Investment	1,126	1,126
166.	Marine Midland Bank	1,122	4,039
167.	Independence Investment	1,100	1,600
168.	First Investment Management	1,093	1,759
169.	Valley Natl. Bank-Arizona	1,088	2,153
170.	Provident Investment Counsel	1,075	1,135
171.	General American Investors	1,061	1,320
172.	Fidelity Management Trust Co.	1,061	1,061
173.	Capitoline Invst. Services	1,050	2,870
174.	The Fifth Third Bank	1,035	2,277
175.	First Kentucky Co.	1,021	1,021
176.	NSR Asset Management Corp.	1,011	1,011
177.	Hoisington Investment Mgmt.	1,000	1,000
178.	Connecticut Mutual Life	1,000	6,754
179.	Midlantic National Bank	1,000	1,900
180.	NWNL Investment Services	1,000	3,300
181.	Dimensional Fund Advisors	990	990
182.	Phoenix Mutual Life	978	3,758
183.	FNB of Kansas City	977	1,986
184.	First Manhattan Co.	970	1,500
185.	Shearson/American Express	970	2,300
186.	Key Trust Co.	959	1,500
187.	Third National Corp.	950	3,000
188.	Wall, Patterson, McGrew	950	975
189.	McCowan Associates Inc.	926	1,039
190.	Sovran Bank	924	3,251
191.	Duff & Phelps Invst. Mgmt.	912	1,057
192.	Schroder Capital Mgmt.	896	1,400
193.	Hartford Life Insurance Co.	894	1,294
194.	Drexel Burnham Lambert	891	1,306
195.	First Union National Bank	885	1,559
196.	Rainier National Bank	876	1,499
197.	First Tenn. Invst. Mgmt.	863	1,546
198.	Smoot Knoche & Co.	860	875
199.	Penn Mutual Life	852	4,184
200.	Philadelphia National Bank	850	3,200
201.	Beacon Capital Management	845	845
202.	Union Labor Life Insurance Co.	841	1,116
203.	First Pacific Advisors Inc.	839	1,182
204.	J. H. Ayres & Co.	825	911
205.	JMB Institutional Realty Corp.	821	5,000
206.	Eagle Management & Trust Co.	817	891
207.	Discount Corp. of New York	810	1,000
208.	Glickenhaus & Co.	802	1,070
209.	John W. Bristol & Co.	800	1,000
210.	Cole, Yeager & Wood Inc.	800	1,000
211.	M&I Investment Mgmt.	800	1,650
212.	Schafer Capital Management	800	800
213.	Frontier Capital Management	795	823
214.	Barrow, Hanley, Mewhinney	790	790
215.	1st Interstate Bank of Oregon	788	1,500
216.	Morgan Grenfell Investment	786	786
217.	Seafirst Bank	784	2,135
218.	General American Life	780	2,500
219.	Smith Barney, Harris Upham	773	1,035
220.	United of Omaha	771	2,300
221.	Investment & Capital Mgmt.	769	810
222.	Dean Witter Reynolds Inc.	760	9,547
223.	Lynch & Mayer	757	792
224.	Bank One Trust Co.	750	1,400
225.	Victor Palmieri & Co.	750	950
226.	HT Investors Inc.	734	734
227.	Aldrich Eastman & Waltch Inc.	730	730
228.	Fidelity Bank	727	8,000
229.	Fidelity International	725	725
230.	Campbell Advisors Inc.	722	800
231.	Sit Investment Associates Inc.	721	757
232.	Central Nat'l, Cleveland	715	1,530
233.	Fidelity Union Bank	703	1,961
234.	David J. Greene & Co.	701	883
235.	LaSalle Advisors Inc.	700	1,670
236.	Merchants National Bank	700	2,600
237.	Riggs National Bank	683	1,800
238.	F.I.A. Associates Inc.	675	675
239.	Thompson Siegel & Walmsley	670	750
240.	Strong/Corneliuson Capital	667	746
241.	Wood, Struthers & Winthrop	662	1,300
242.	Rollert & Sullivan Inc.	660	660
243.	Capital Consultants Inc.	657	698
244.	Hellman, Jordan Mgmt.	655	716
245.	Eaton & Howard, Vance	655	3,090
246.	Lincoln First Bank	650	3,000
247.	Dillon, Read Capital Inc.	644	644
248.	Coldwell Banker	640	640
249.	Reimer & Koger Associates	636	732
250.	Balch, Hardy & Scheinman Inc.	634	635
251.	Analytic Investment Mgmt.	626	708
252.	Liberty National Bank	625	1,450
253.	Vaughan Nelson Scarborough	625	700
254.	Kingsley, Jennison, McNulty	620	670
255.	Mercantile Securities Corp.	615	981

Managers ranked by tax-exempt assets

	Manager	As of Jan. 1 ($ millions) Tax-exempt	Total
256.	Richard Ellis Inc.	604	625
257.	Hutton Capital Management	602	700
258.	Trustee & Investors Co.	600	600
259.	Bank of New England	596	6,100
260.	Waddell & Reed Asset Mgmt.	595	822
261.	Trident Investment Mgmt.	594	617
262.	Western Reserve Capital	592	723
263.	First National State Bank	590	1,195
264.	G.T. Capital Management Inc.	590	1,000
265.	Landauer Advisors Inc.	590	590
266.	Leland O'Brien Rubinstein	590	650
267.	STW Fixed Income Mgmt.	576	710
268.	Eastdil Advisers Inc.	575	600
269.	Hotchkis & Wiley	575	575
270.	Union Central Life	567	1,515
271.	Texas American Bank	550	2,259
272.	Mellon Financial Services	550	550
273.	Schroder Real Estate Corp.	550	800
274.	National Investment Services	547	675
275.	Invst. Counselors of Md.	526	717
276.	Wells Fargo Realty Advisors	523	1,607
277.	Pringle, Flinn, Elvins	517	567
278.	Brokaw Capital Management	517	600
279.	FNB Maryland	515	990
280.	Stacey Braun Associates	500	500
281.	First Wisconsin National Bank	500	1,001
282.	Scudder Realty Advisors Inc.	500	500
283.	Fort Hill Investors	476	520
284.	IAA Trust Co.	465	1,732
285.	C.S. McKee & Co.	465	565
286.	Society National Bank	465	770
287.	Redwood Capital Mgmt.	454	470
288.	Avatar Associates	450	460
289.	Cashman, Farrell & Associates	445	445
290.	Argus Investors Counsel	445	475
291.	Reich & Tang Inc.	441	508
292.	Olympic Capital Mgmt.	440	470
293.	MIMLIC Asset Mgmt.	430	2,410
294.	Tallasi Management Co.	425	431
295.	Bank of Virginia Trust Co.	425	655
296.	Heritage Investment	425	774
297.	Provident Mutual	413	2,200
298.	Montag & Caldwell Inc.	409	583
299.	Degnan & Gillespie	408	408
300.	Tenneco Asset Mgmt.	406	2,114
301.	The Rothschild Co.	400	650
302.	William D. Witter Inc.	391	510
303.	Northern Capital Management	383	446
304.	4th National Bank & Trust	383	765
305.	FNB Cincinnati	381	1,431
306.	Hagler, Mastrovita & Hewitt	380	380
307.	E.W. Axe & Co.	375	720
308.	Management Asset Corp.	375	400
309.	Springfield Marine Bank	374	956
310.	Sun Bank	366	4,419
311.	Rothschild Asset Mgmt.	365	509
312.	Louisiana National Bank	363	575
313.	Quest Advisory Corp.	358	478
314.	Security Trust Co.	353	988
315.	Penmark Investments Inc.	350	500
316.	Mitchell Hutchins	350	6,468
317.	Tom Johnson Investment	347	350
318.	Trinity Investment Mgmt.	345	350
319.	Securities Counsel Inc.	340	460
320.	Michigan National Invst.	340	823
321.	The Fixed Income Group	330	330
322.	Lexington Management Corp.	313	980
323.	Kleinwort Benson	312	312
324.	Financial Counselors Inc.	311	346
325.	Harbor Capital Mgmt.	310	476
326.	Commerce Bank, Kansas City	304	782
327.	Investment Advisors Inc.	303	356
328.	The Investment Counsel Co.	303	328
329.	Gregory L. Smith & Sons Inc.	301	324
330.	Professional Capital Mgmt.	300	420
331.	Lombard Odier Int'l.	300	420
332.	Sterling Capital Management	300	396
333.	Horizon Trust Co.	298	1,618
334.	BMI Capital Corp.	291	400
335.	Solomon Asset Mgmt.	290	428
336.	Atalanta Capital Corp.	290	360
337.	Chelsea Management Co.	290	410
338.	FJW Financial Management	285	460
339.	Roley, Nichols & Co.	280	350
340.	Fiduciary Mgmt. Associates	280	300
341.	McCullough, Andrews	275	340
342.	First of America Bank Corp.	275	1,100
343.	American Capital Advisors	275	316
344.	Merchants Invst. Counseling	272	325
345.	Wertheim-Philippe International	265	265
346.	Unity Management Inc.	265	265
347.	Cramblit & Carney Inc.	262	262
348.	Lehndorff & Babson	257	1,500
349.	Colonial Advisory Services	256	358
350.	Southeastern Asset Mgmt.	256	5,300
351.	Winters National Bank	250	1,200
352.	Pension Portfolio Advisors	250	500
353.	Citizens Fidelity Bank	250	1,500
354.	Delafield Asset Mgmt.	241	302
355.	Am Cal Co.	240	250
356.	Continental Investment	233	998
357.	Pacific Financial Research	230	244
358.	Chesapeake Capital Mgmt.	226	230
359.	1st Nat'l Bank & Trust, Tulsa	225	650
360.	Gofen & Glossberg Inc.	225	1,500
361.	Baring International	225	225
362.	Treynor-Arbit Associates	220	220
363.	The Chicago Corp.	220	250
364.	Newbold's Asset Management	218	587
365.	Chase Invst. Counsel	217	270
366.	Froley, Revy Investment Co.	215	265
367.	Continental Bank	211	482
368.	Jundt/Capen Associates Inc.	205	205
369.	Martin Currie Inc.	203	827
370.	Verus Capital	201	201
371.	Roanoke Asset Mgmt.	200	240
372.	Jones Lang Wootton Realty	200	800
373.	Ward & Wissner Capital	200	200
374.	Allen & Associates	196	227
375.	Herbert R. Smith Inc.	195	210
376.	New Japan Capital	195	384
377.	Alex. Brown Partners	192	306
378.	Capital Advisors Inc.	188	188
379.	Van Deventer & Hoch	188	457
380.	Warburg Investment	186	229
381.	Johnson, Valliant	182	182
382.	Union Trust Bank	182	460
383.	TCW Realty Advisors	179	179
384.	Dearden Maguire & Weaver	175	325
385.	Nomura Capital Mgmt.	174	2,478
386.	Property Capital Advisors	170	220
387.	GeoCapital Investment	170	250
388.	GAMCO Investors Inc.	166	231
389.	Van Cleef, Jordan & Wood	165	272
390.	Southland Trust Co.	163	533
391.	Mutual Service Life	162	425
392.	ABD International	160	160
393.	Fiduciary Counsel Inc.	157	622
394.	Alan Patricof Associates Inc.	155	230
395.	Daiwa International	152	4,041
396.	Burnham & Co.	152	235
397.	Beutel Goodman Capital	152	152
398.	SAFECO Asset Mgmt.	152	351
399.	R. Meeder & Associates Inc.	150	208
400.	Equibank, Trust Dept.	150	225
401.	Equitable Bank	150	600
402.	Amivest Corp.	150	150
403.	Union Planters National Bank	150	450
404.	Minton/Newbold's Capital	150	150
405.	Wolf Webb Burl & Campbell	150	150
406.	Meridian Management Co.	149	340
407.	First Wilshire Securities	148	181
408.	Nelson, Benson & Zellmer Inc.	147	220
409.	Financial Mgmt. Group	145	311
410.	FNB of Commerce	145	265
411.	Summit Management Co.	145	229
412.	1st Source Corp.	143	397
413.	Stratton Management Co.	143	314
414.	Grubb & Ellis Co.	140	225
415.	Potomac Asset Mgmt.	140	150
416.	United Jersey Bank	139	551
417.	CM&M Asset Management Co.	135	150
418.	Grace Capital Inc.	134	174
419.	The Portfolio Group Inc.	134	852
420.	First Interstate Investment	134	949
421.	HIMCO	131	250
422.	2nd National Bank of Warren	130	236
423.	U.S. Trust Co.-Boston	130	275
424.	Markston International Inc.	127	252
425.	Garrison, Keogh & Co.	126	150
426.	Bayrock Advisors	125	165
427.	Winchester Capital	125	205
428.	Kirr, Marbach & Co.	124	157
429.	The Illinois Co.	124	127
430.	Ivory & Sime International	124	124
431.	Julian A. Lerner & Associates	123	201
432.	Federated Invst. Counseling	120	1,021
433.	Leavy Investment Mgmt.	120	120
434.	Jamison, Munsch & Smith	120	120
435.	The Lowry Management Corp.	120	120
436.	NWQ Investment Mgmt.	120	160
437.	Stonehenge Asset Mgmt.	120	120
438.	Nicholas Co.	118	309
439.	The Spangler Group Inc.	117	168
440.	Genesee Bank	113	412
441.	County Bank of St. Louis	110	340
442.	Courier Capital Corp.	110	220
443.	Leylegian Investment Mgmt.	110	110
444.	Trevor Stewart Burton	110	160
445.	Cutler & Co.	109	129
446.	Hanson Investment Mgmt.	105	140
447.	Smilen & Safian Inc.	105	150
448.	Gray, Siefert & Co.	105	275
449.	W.H. Reaves & Co.	104	104
450.	Capital Management Corp.	102	157
451.	Campbell, Reed, Conner	102	212
452.	Smith Affiliated Capital Corp.	101	120
453.	Bartlett & Co.	100	500
454.	Claremont Funds Management	100	100
455.	Equitec Institutional Realty	100	800
456.	FNB of Toledo	100	450
457.	Pilgrim Management Corp.	100	450
458.	Renaissance Investment	97	116
459.	Gerald L. Ray	95	204
460.	Van Eck Management Corp.	93	768
461.	Lipper Analytical Services Inc.	92	102
462.	C-S Capital Advisors Inc.	90	90
463.	Geewax, Terker & Co.	90	90
464.	A.M. Kailing & Associates Ltd.	90	94
465.	National Bank of Commerce	90	410
466.	Seattle Trust & Savings Bank	90	184
467.	Cambiar Investors Inc.	89	162
468.	Noddings, Calamos	89	90
469.	Winrich Capital Mgmt.	39	154
470.	Kronwall Capital Mgmt.	86	103
471.	Stuyvesant Capital Mgmt.	86	105
472.	Ashland Management Inc.	85	193
473.	Institutional Portfolio	85	101
474.	The Pacific Century Group	85	2,100
475.	Hambrecht & Quist Equity	84	88
476.	Morison Asset Management	84	110
477.	Stamford Advisors II	83	143
478.	PRIMECAP Management Co.	82	82
479.	C.B. International	81	156
480.	Cedarpoint Capital	80	100
481.	Loewi Asset Mgmt.	80	120
482.	Maritime Asset Mgmt.	80	82
483.	Old Nat'l Bank, Washington	80	317
484.	Pilgrim, Baxter Hoyt & Grieg	80	80
485.	Connors Investor Services Inc.	79	112
486.	Lateef Management	77	124
487.	Mellon-Pictet International	77	308
488.	Lovett, Ward & Bertelsen	76	93
489.	Andron Cechettini	75	88
490.	Resource Bank & Trust	75	340
491.	Wasatch Advisors Inc.	73	89
492.	Johnson Investment Counsel	72	134
493.	FNB of Shreveport	71	184
494.	Kirkpatrick, Pettis, Smith	71	78
495.	The Citizens Trust Co.	70	235
496.	Glendeven Management	70	125
497.	Pacific Mutual Realty	70	370
498.	Liberty Capital Mgmt.	68	251
499.	Stephenson and Co.	68	97
500.	Alan G. Seidner	68	600
501.	Yamaichi Capital Management	68	1,720
502.	Corbyn Associates Inc.	66	110
503.	Oregon Bank	65	135
504.	Burgess Capital Corp.	65	78
505.	CIMG Inc.	65	150
506.	Madison Investment	65	78
507.	Republic National, N.Y.	65	130

Managers ranked by tax-exempt assets

	Manager	As of Jan. 1 ($ millions) Tax-exempt	Total
508.	Rampart Investment	64	160
509.	Kennedy Capital	63	87
510.	SeaGate Capital Management	63	72
511.	Daniel H. Renberg	62	133
512.	Gateway Investment	61	140
513.	Bailard, Biehl & Kaiser	60	315
514.	MPACT Securities	60	201
515.	Research Associates Mgmt.	60	110
516.	Securities Counselors Iowa	60	105
517.	Schupf, Woltman & Co. Inc.	60	75
518.	Gintel Equity Management	58	167
519.	Alpine Capital Mgmt.	57	100
520.	Fiske Capital Management	56	74
521.	The Fields Investment Group	55	60
522.	C.J. Lawrence Management	54	248
523.	First Investors Asset	53	1,077
524.	Carret & Co.	52	128
525.	Rothschild Securities Corp.	51	82
526.	American Capital Mgmt.	50	52
527.	Wilson Foster & Co.	50	60
528.	Cumberland Advisors	50	100
529.	Gannett, Welsh, Ives	50	224
530.	JCB Asset Management	50	76
531.	Kahn Brothers & Co.	50	220
532.	National Life of Vermont	51	2,100
533.	Parmelee Management Corp.	50	70
534.	Granahan-Everitt	46	71
535.	Investors Mgmt. Services	46	90
536.	Sullivan Morrissey & Mickle	46	71
537.	American National Bank	45	148
538.	Financial Trust Co.	44	55
539.	Hahn Holland & Grossman	43	110
540.	Nikko International	42	930
541.	Depositors Trust Co.	42	224
542.	Eagle Asset Management	41	68
543.	St. Paul Advisers	40	400
544.	QC-Investor Services Inc.	40	70
545.	Evans & Morgen Capital	39	40
546.	Julius Baer Investment	36	36
547.	E.M.G. Advisors Inc.	36	36
548.	Wakely & Roberton	35	45
549.	Gradison & Co.	33	72
550.	Lesesne & Co.	33	33
551.	Wisconsin Valley Trust	33	170
552.	The Providence Group	32	82
553.	Howe and Rusling Inc.	32	120
554.	Dale K. Ehrhart Inc.	31	83
555.	William J. Kautz Assoc.	30	30
556.	First Wisconsin-Oshkosh	30	105
557.	Composite Research	30	385
558.	Mead Money Management	30	350
559.	Morley Capital Mgmt.	30	30
560.	Old Kent Bank-Southwest	30	150
561.	Argus Investment Mgmt.	29	84
562.	Oxford Partners	29	56
563.	Ronald Sadoff Associates	29	35
564.	Douglas, Noyes & Co.	27	100
565.	Holborn International	27	27
566.	Sirich Inc.	26	33
567.	D.A. Management	26	55
568.	Amev Asset Management	25	600
569.	William G. Campbell & Co.	25	135
570.	T.J. Holt & Co.	25	50
571.	Kuehne, Rock & Mazour	25	55
572.	McMillion/Eubanks	25	50
573.	John McStay Investment	25	25
574.	Mosely Capital Management	25	194
575.	Robshaw & Cheskin Assoc.	25	35
576.	Delta Financial Inc.	24	25
577.	Thompson/Rubinstein	24	105
578.	Gulf Investment Mgmt.	23	40
579.	Kanne, Paris & Hoban	21	35
580.	DJ Investment Advisors	20	40
581.	Globe Finlay Inc.	20	100
582.	Ladenburg, Thalmann	20	25
583.	R.M. Leary & Co.	20	23
584.	Lotsoff Capital Management	20	115
585.	Multinational Investments	20	65
586.	The Peckham Boston Co.	20	20
587.	Pension Management Co.	20	20
588.	Somerset Capital Mgmt.	20	42
589.	Suhrco Real Estate	20	35
590.	Jenswold, King & Associates	18	56
591.	The Chapman Co.	18	29
592.	Hodges Capital Mgmt.	17	20
593.	Fielding Management Co.	17	45
594.	Walter M. Dixon Jr. Inc.	16	28
595.	Financial Aims Corp.	15	32
596.	First Equities Institutional	15	61
597.	Folger Nolan Flemming	15	52
598.	Delfi Management Inc.	15	275
599.	Target Investors Inc.	15	15
600.	Security Funding Corp.	14	21
601.	Delta Financial Mgmt.	14	22
602.	Oakwood Counselors Inc.	14	46
603.	R.W. Graybill Ltd.	14	25
604.	J.W. Burns & Co.	14	37
605.	Scott & Stringfellow Inc.	13	46
606.	Mercantile Realty	12	73
607.	Newport First Investment	12	14
608.	Schabacker Investment	12	23
609.	Professional Asset Mgmt.	12	38
610.	Forum Investment Counselors	12	17
611.	American Agricultural	11	20
612.	Traweek Investment Co.	10	200
613.	Primm & Roebling Inc.	9	28
614.	Addison Capital Management	8	50
615.	Beese, Fulmer Associates	8	50
616.	Davis, Weaver & Mendel Inc.	8	10
617.	Fraser Management	8	52
618.	Muhlenkamp & Co.	8	16
619.	NorthWest Quadrant Inc.	8	10
620.	Keeley Asset Management	7	10
621.	Legg Mason Capital	7	20
622.	E.A. Merkle & Associates Inc.	7	7
623.	MH & Associates	7	27
624.	The Reiser Co.	7	17
625.	Edward C. Rorer & Co.	7	46
626.	Rubottom Dudash	7	60
627.	Catanzarite Investment	6	7
628.	Interstate Asset Mgmt.	6	12
629.	Muller Asset Management	6	25
630.	Alphaquest Asset Mgmt.	5	6
631.	DeJarnette Investment	5	9
632.	Parker Dillon Carlson	5	7
633.	Tamarack Associates	5	20
634.	Bostian Research	4	5
635.	Thomas D. Kienlen	4	6
636.	Trascott, Alyson, Craig Inc.	4	12
637.	Ramsey & Ellsworth Inc.	4	19
638.	Summit Capital Management	4	8
639.	Granite State Corp.	3	110
640.	SBC Portfolio Management	3	17
641.	Portfolio Timing Inc.	2	2
642.	James Punderson & Co.	2	14
643.	Sherman, Dean & Co.	2	9
644.	Townsend Asset Mgmt.	2	3
645.	Unified Management Corp.	2	200
646.	Zavanelli Portfolio Research	2	4
647.	Wm. A. Inskeep & Co.	1	3
648.	North American Capital	1	3

Top 100 advisers ranked by total assets ($ millions)

1.	Prudential Insurance	72,249
2.	Aetna Life & Casualty	58,578
3.	Metropolitan Insurance	55,654
4.	Equitable Life Assurance	50,200
5.	Morgan Guaranty	37,543
6.	Travelers Insurance Co.	37,541
7.	CIGNA Corp.	31,600
8.	TIAA-CREF	31,000
9.	Bankers Trust	28,300
10.	Manufacturers Hanover	24,000
11.	John Hancock	23,400
12.	Citicorp	22,894
13.	New York Life	19,625
14.	Alliance Capital	16,712
15.	T. Rowe Price Associates	16,100
16.	Chase Investors	15,000
17.	Wilmington Trust	15,000
18.	Mellon Bank	14,559
19.	Northern Trust	13,576
20.	Wells Fargo	13,100
21.	Loomis, Sayles & Co.	12,475
22.	C&S Investment	12,400
23.	Scudder, Stevens & Clark	12,371
24.	Thorndike, Doran, Paine	12,346
25.	Massachusetts Mutual	12,000
26.	State Street Research	12,000
27.	Harris Trust	11,736
28.	The Bankers Life	11,358
29.	Batterymarch	11,145
30.	Continental Illinois	10,812
31.	Jennison Associates	10,600
32.	Capital Guardian Trust	10,098
33.	Lincoln National	10,000
34.	State Street Bank & Trust	9,824
35.	Brown Brothers Harriman	9,620
36.	Dean Witter Reynolds	9,547
37.	MONY	9,200
38.	U.S. Trust Co. of New York	9,200
39.	Lehman Management	9,190
40.	Favia, Hill & Associates	8,700
41.	Fayez Sarofim & Co.	8,583
42.	New England Mutual	8,488
43.	Fiduciary Trust Co.	8,300
44.	AmeriTrust Co.	8,004
45.	Fidelity Bank	8,000
46.	Great-West Life	8,000
47.	Stein Roe & Farnham	8,000
48.	Mutual Benefit Life	7,898
49.	The Boston Co.	7,565
50.	Criterion Investment	7,000
51.	The Putnam Advisory Co.	6,818
52.	Connecticut Mutual	6,754
53.	American National-Chicago	6,591
54.	Mitchell Hutchins	6,468
55.	National Bank of Detroit	6,364
56.	RepublicBank-Dallas	6,300
57.	Crocker National Bank	6,200
58.	Centerre Trust-St. Louis	6,115
59.	Bank of New England	6,100
60.	Delaware Investment	6,000
61.	Comerica Bank-Detroit	5,975
62.	First Chicago	5,631
63.	Lord, Abbett & Co.	5,611
64.	Trust Co. of the West	5,500
65.	The Bank of New York	5,445
66.	Neuberger & Berman	5,421
67.	Pacific Investment	5,342
68.	Fischer, Francis	5,340
69.	Southeastern Asset	5,300
70.	TransAmerica Investment	5,300
71.	MacKay-Shields	5,251
72.	Girard Bank	5,210
73.	Irving Trust Co.	5,200
74.	InterFirst Investment	5,148
75.	National City Bank	5,112
76.	JMB Institutional Realty	5,000
77.	Oppenheimer Capital	4,995
78.	Forstmann-Leff	4,961
79.	Rosenberg Capital	4,862
80.	Boatmen's Trust Division	4,570
81.	Sun Bank	4,419
82.	Trust Company Bank	4,400
83.	First Trust-St. Paul	4,360
84.	Texas Commerce Bank	4,200
85.	Penn Mutual Life	4,184
86.	Wachovia Bank	4,121
87.	Pioneering Management	4,100
88.	Mercantile Trust Co.	4,100
89.	Union Mutual Life	4,062
90.	Daiwa International	4,041
91.	Marine Midland Bank	4,039
92.	NCNB National Bank	4,020
93.	Connecticut National Bank	3,949
94.	Standish, Ayer & Wood	3,907
95.	Continental Assurance	3,800
96.	First Pennsylvania	3,774
97.	Pittsburgh National Bank	3,768
98.	Phoenix Mutual Life	3,758
99.	Pacific Mutual Life	3,739
100.	Connecticut Bank and Trust	3,721
	TOTAL	**$1,118,837**

a

ABD International Management Corp.

1 Battery Park Plaza, New York, N.Y. 10004; (212) 952-7351

Total assets managed	$160,000,000
Tax-exempt assets managed:	
Total	$160,000,000
Fully discretionary	$160,000,000
International assets managed	$160,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	8
Types of accounts managed	CG
No. of portfolio managers	3
Size of research staff	77

ABD International Management invests in growth opportunities in 19 markets worldwide, with a top-down approach to regions and industries, and a bottom-up stock policy. Risk control is applied to both security price and currency risks. The firm uses forward currency contracts.

As of Jan. 1, the asset mix was 91% stocks, 3% bonds and 6% cash.

Clients include United Technologies, the state of Oregon and Rexnord.

Ullrich S. Moser, president and chairman-policy and strategy committees, is the chief investment officer; Jill B. Jordan, vice president and director of marketing, is the client contact.

Addison Capital Management

1435 Walnut St., Philadelphia, Pa. 19102; (215) 568-2600

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Fully discretionary	$3,000,000
Minimum separate account	$500,000
Tax-exempt clients	5
Types of accounts managed	CE
No. of portfolio managers	3

The equity philosophy of Addison Capital is conservative: Value-oriented and contrarian, it employs a broad selection of out-of-favor issues and a mixture of capitalizations. Its diversified fixed-income portfolios contain a range of maturities suited both to account objectives and account risk tolerances.

As of Jan. 1, the asset mix was 91% stocks, 7% bonds and 2% cash.

Clients include Mather & Co., Health Management Systems and Otto Investment.

Managing partner Jay R. Massey is the chief investment officer and the client contact.

Aetna Life & Casualty Co.

151 Farmington Ave., Hartford, Conn. 06156; (203) 273-0123

Total assets managed	$58,578,000,000
Tax exempt assets managed:	
Total	$26,682,000,000
Fully discretionary	$6,153,000,000
International assets managed	$50,200,000
Real estate assets managed	$3,601,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	4,100
Types of accounts managed	CGJ
No. of portfolio managers	23
Size of research staff	54

In its equity approach, Aetna emphasizes individual stock selection based on fundamental in-house research. It controls risk by establishing guidelines for cash positions, industry and financial quality weightings.

For fixed income, Aetna emphasizes interest rate anticipation and sector analysis. Its bond portfolios are actively managed using duration to control interest rate risk. Swaps are used to take advantage of overvalued or undervalued issues.

Of the total tax-exempt assets under management, $20.7 billion was in the company's GICs and annuities and $6.15 billion was in separate accounts.

As of Jan. 1, the approximate asset mix of the separate accounts was 45% stocks, 3% bonds, 29% cash, 17% equity real estate, 5% mortgages and 1% international equities.

The firm uses options and, as of this year, stock index and fixed-income futures.

Clients include Boeing, Eastman Kodak, GTE and Ford.

Donald G. Conrad, executive vice president, is the chief investment officer; T. Jerald Moore, vice president, is the client contact.

Aldrich, Eastman & Waltch

1 Post Office Square, Boston, Mass. 02109; (617) 542-9300

Total assets managed	$730,000,000
Tax-exempt assets managed:	
Total	$730,000,000
Fully discretionary	$680,000,000
Real estate assets managed	$730,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	20
Types of accounts managed	CEJ
No. of portfolio managers	19
Size of research staff	11

Investments of Aldrich, Eastman & Waltch are primarily equity and equity-oriented debt instruments (participating, convertible and real return mortgages). Strategies of the real estate investment manager emphasize current yield, capital preservation, inflation protection and tax efficiency.

As of Jan. 1, the tax-exempt asset mix was 100% real estate equity and equity-oriented debt instruments.

Principal Thomas Eastman is the chief investment officer and principal Joseph F. Azrack is the client contact.

Fred Alger Management Inc.

75 Maiden Lane, New York N.Y. 10038; (212) 806-8800

Total assets managed	$2,236,000,000
Tax-exempt assets managed:	
Total	$2,184,000,000
Fully discretionary	$2,104,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	69
Types of accounts managed	CFG
Size of research staff	15

Fred Alger is an equity specialist that follows a bottom-up approach with focus on the leading edge of the market in two broad categories, positive life-cycle change companies and high-unit volume-growth rate companies. The emphasis is on dynamic earnings growth.

The equity manager has 11 seniors in research, nine practicing analyst/managers, plus Fred Alger and Irwin Schwartz, responsible for all trading activity.

As of Jan. 1, the asset mix was 95% stocks and 5% cash.

Clients include Conoco, Celanese, Stauffer Chemical and Fruehauf.

Fred Alger, president and chairman of the board, is the chief investment officer; Krista M. Woodall, vice president-client services, is the client contact.

Allen & Associates Investment Management

7 Piedmont Center, Suite 320, Atlanta, Ga. 30305; (404) 237-2223

Total assets managed	$227,000,000
Tax-exempt assets managed:	
Total	$196,000,000
Fully discretionary	$196,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	36
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	4

Allen & Associates has a top-down orientation to sector emphasis that is combined with a valuation-oriented approach to stock selection in investing in companies with accelerating earnings growth.

The primary emphasis of its fixed-income approach is on managing the maturity structure of the portfolios relative to expected changes in interest rates. Secondary emphasis is attributed to sector rotation and coupon swaps.

As of Jan. 1, the asset mix was 50% stocks, 20% bonds and 30% cash.

Clients include Fairfax County, Va. Retirement System, city of Orlando Police and Firefighters Fund, Management Service America and Central Bank of the South.

Samuel E. Allen, president, is the chief investment officer; W. Allen Reed, vice president, is the client contact.

Alliance Capital Management

140 Broadway, New York, N.Y. 10005; (212) 902-4000

Total assets managed	$16,712,000,000
Tax-exempt assets managed:	
Total	$16,344,000,000
Fully discretionary	$12,683,000,000
International assets managed	$49,200,000
Minimum separate account	$5,000,000
Tax-exempt clients	353
Types of accounts managed	CEFGJ
No. of portfolio managers	34
Size of research staff	11

Alliance Capital Management Corp.'s equity focus is common stock selection with emphasis on growth oriented and smaller capitalization companies. It seeks to recognize changing secular fundamentals early on and to concentrate holdings in companies, or groups of companies, that it expects will benefit as the changes are broadly recognized.

Its fixed-income approach first focuses on maturity risk to ensure preservation of capital and a real rate of return during an interest rate cycle. It then identifies those sectors of the bond market defined by issuer, quality and coupon that represent the greatest opportunity.

The firm has $43.4 million invested

in international equities, and $5.8 million invested in international fixed-income securities.

Its asset mix is 79% stocks, 15.2% bonds, and 5.8% cash.

The firm intends to start using options and index futures in the future.

Clients include Boeing, Ford, ITT, and the Rockefeller Foundation.

Dave H. Williams, chairman and chief executive officer, is the chief investment officer. William W. Storff, vice president, is head of corporate marketing.

Alphaquest Asset Management

1616 17th St., Denver, Colo. 80202; (303) 628-5554

Total assets managed	$6,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$5,000,000
Real estate assets mgd	$100,000
Minimum separate account	$1,000,000
Tax-exempt clients	6
Types of accounts managed	C
No. of portfolio managers	4

Alphaquest Asset Management uses disciplined filter analysis to isolate growing stocks with below-average risk. Its strategy portfolio holds only the "best ideas" selected by the management team using fundamental and technical analysis.

The firm's fixed-income approach combines quality, liquidity, maturity, sector analysis and interest rate anticipation, all in accordance with account objectives, constraints and portfolio balance.

As of Jan. 1, the asset mix was 36% stocks, 30% bonds, 32% cash, 0.5% equity real estate, 1% mortgages and 0.5% oil and gas.

Clients include Associates in Gynecological Surgery & Obstetrics, Cottington's, M.H. Detrick Co. and Natico.

Paul A.R. Beyreuther, president, is the chief investment officer, and Jerry D. Boswell, vice president, is the client contact.

Alpine Capital Management

650 S. Cherry St., Suite 700, Denver, Colo. 80222; (303) 320-3844

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$57,000,000
Fully discretionary	$57,000,000
Minimum separate account	$250,000
Tax-exempt clients	159
Types of accounts manage	CEG
No. of portfolio managers	5

Alpine Capital Management's approach rotates between market sectors and cash with relatively heavy concentration in order to optimize portfolios in current market conditions. The firm uses fixed-income securities to take advantage of expected interest rate changes, to generate income and to reduce portfolio volatility.

Alpine uses options.

As of Jan. 1, the asset mix was 45% stocks, 30% bonds and 25% cash.

Clients include Boulder Fire & Police, American Charter Savings & Loan, Mueller Electric and Ammco Tools.

Robert W. Jeavons, chairman, is the chief investment officer; Joseph N. Pecoraro is the client contact.

Am Cal Co.

4737 Lankershim Blvd., North Hollywood, Calif. 91602; (818) 763-6206

Total assets managed	$250,000,000
Tax-exempt assets managed:	
Total	$240,000,000
Fully discretionary	$90,000,000
Real estate assets mgd	$240,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	7
Types of accounts managed	GJ
No. of portfolio managers	4
Size of research staff	4

Am Cal is a real estate manager.

As of Jan. 1, its asset mix was 30% equity real estate and 70% mortgages.

Clients include Missouri State Employees' Retirement System, Hawaii Masons Pension Fund, Carpenters Pension Trust for Southern California and Southern California Development Foundation.

James B. McKenna, president, is the chief investment officer; S.Q. DelaGrotta, vice president, is the client contact.

American Agricultural Investment Management

2603 W. 22nd St., Suite 17, Oak Brook, Ill. 60521; (312) 654-6616

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$11,000,000
Fully discretionary	$11,000,000
Minimum separate account	$500,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	2

American Agricultural Investment Management Co. Inc. invests in prime-quality U.S. farmland selected for geographic and commodity diversification. The real estate manager invests in income-producing farmland, leased for farming, for long-term real estate returns.

As of Jan. 1, the asset mix was 5% cash and 95% equity real estate.

Clients include Owens-Illinois and Teamsters affiliates.

H. Joseph Bourn, executive vice president, is the chief investment officer and the client contact.

American Capital Advisors

2777 Allen Parkway, Houston, Texas 77019; (713) 529-0600

Total assets managed	$316,000,000
Tax-exempt assets managed:	
Total	$275,000,000
Fully discretionary	$275,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	4
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	6

American Capital Advisors Inc. invests in quality companies having inflation adjusted, above average growth and profitability.

Quality bonds are managed actively by contrasting its "justified" yield curve to the market. Disparate relationships expose investment opportunities and determine asset weightings. Quantification of maturity risk, cycle pressures, and inflation adjusted returns control this discipline, rather than rate forecasting.

As of Jan. 1, the asset mix was 69% stocks, 8% bonds and 23% cash.

Clients include the Michigan Municipal Employees, Harris County Hospital District, Hollywood, Fla., Firemen and the Wortham Foundation.

Robert D. Harrell, senior vice president and senior investment officer, is chief investment officer; Betty North, vice president, is client contact.

American Capital Management Inc.

90 Broad St., New York, N.Y. 10004; (212) 344-3300

Total assets managed	$52,000,000
Tax exempt assets managed:	
Total	$50,000,000
Fully discretionary	$15,000,000
Minimum separate account	$500,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	2

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American Capital Management, an equity manager, invests in smaller companies with accelerating earnings momentum that appear undervalued and average $130 million in revenue. Its investment approach emphasizes growth, profitability and financial strength.

As of Jan. 1, the asset mix was 90% stocks and 10% cash.

Luke P. LaValle Jr., president, is the chief investment officer.

American Fletcher National Bank

101 Monument Circle, Indianapolis, Ind. 46277; (317) 639-7988

Total assets managed	$3,553,000,000
Tax-exempt assets managed:	
Total	$2,401,000,000
Fully discretionary	$2,401,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	1,124
Types of accounts managed	CEFGJ
No. of portfolio managers	16
Size of research staff	5

American Fletcher National Bank's equity approach is to shift commitments among market sectors. At the stock-selection level, emphasis is on large-capitalization companies considered industry leaders.

The firm, mainly a fixed-income manager, uses strategies to apply sector analysis, which enables it to invest in the most attractive areas of the fixed-income markets; to structure a portfolio to derive maximum benefit from projected changes in interest-rate levels; and to keep portfolio average maturity as short as possible.

The firm uses options. As of Jan. 1, the asset mix was 11% stocks, 80% bonds and 9% cash.

Clients include AT&T, Colgate University, the Indiana Public Employees Retirement System and Pacific Lighting Corp.

Leif E. Nulsen, vice president, is the chief investment officer; Richard C. Solaro, vice president and investment officer, is the client contact.

American National Bank and Trust Co. of Chicago

33 N. LaSalle St., Chicago, Ill. 60690; (312) 661-5870

Total assets managed	$6,591,000,000
Tax-exempt assets managed:	
Total	$6,148,000,000
Fully discretionary	$6,148,000,000
International assets managed	$6,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	350
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	11

American National Bank and Trust Co. follows an active/passive investment management philosophy in which the objectives of superior performance and diversification are completely separated.

For fixed-income investment, it emphasizes intermediate-term instruments ranging from two to 10 years. Moderate sector swapping is used.

As of Jan. 1, the asset mix was 90% stocks, 5% bonds and 5% cash.

Clients include AT&T, TVA, General Motors and Eastman Kodak.

John R. Tilton, senior vice president, is chief investment officer. Jim Kartalia, director of marketing, is client contact.

American National Bank

Fifth & Minnnesota Streets, St. Paul, Minn. 55101; (612) 298-6271

Total assets managed	$148,000,000
Tax-exempt assets managed:	
Total	$45,000,000
Fully discretionary	$41,000,000
Tax-exempt clients	95
Types of accounts managed	CEFJ
No. of portfolio managers	2

American National Bank's approach to equity investments is quantitative and qualitative with market timing. Its fixed-income approach is based on interest rate anticipation.

As of Jan. 1, the asset mix was 40% stocks, 35% bonds and 25% cash.

William F. Lind, vice president, is the chief investment officer and the client contact.

AmeriTrust Co.

900 Euclid Ave., Cleveland, Ohio 44101; (216) 687-2798

Total assets managed	$8,004,000,000
Tax-exempt assets managed:	
Total	$4,600,000,000
Fully discretionary	$4,600,000,000
Master trust assets	$2,200,000,000
Master custodian assets	$300,000,000
Real estate assets managed	$10,000,000
International assets managed	$15,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	450
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	10

AmeriTrust constructs broadly diversified portfolios consisting of low P/E issues that have dividend return and fundamental value that will provide superior long-term results while limiting downside risk.

Its passive fixed-income approach stresses quality and maturity structure so portfolios generally will have low volatility. Trading focuses on yield pickups where quality can be maintained.

As of Jan. 1, the asset mix was 63% stocks, 27% bonds and 10% cash.

Clients include AT&T, General Motors and Sherwin Williams.

John F. Miller, executive vice president, is the chief investment officer; James H. McInerney Jr., vice president, is the client contact.

Amev Asset Management

2 World Trade Center, New York, N.Y. 10048; (212) 775-1912

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$25,000,000
International assets managed	$3,000,000
Minimum separate account	$500,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	3

Amev Asset Management employs an asset and liability approach to equity management. The firm pays close attention to liabilities and specific corporate, pension and individual objectives, using a traditional fundamental approach that emphasizes growth and value discounted to the present and compared to the current market.

Fixed-income securities are selected using relative value and interest-rate forecasting with either taxable or tax-exempt securities.

As of Jan. 1, the asset mix was 40% stocks, 20% bonds, and 40% cash.

H.C. Mackin, president, is the chief investment officer; Guy G. Rutherford Jr., vice president and secretary, is the client contact.

Amivest Corp.

505 Park Ave., New York, N.Y. 10022; (212) 688-6667

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$130,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	16
Types of accounts managed	CEJ
No. of portfolio managers	2

Amivest is a balanced manager that employs sector rotation and market timing in its equity approach. The fixed-income approach uses interest rate anticipation and sector analysis.

As of Jan. 1, the asset mix was 50% stocks, 25% bonds and 25% cash.

Clients include Crown Cork & Seal Co., St. Francis College, Uniflex Inc. and Deak-Perera.

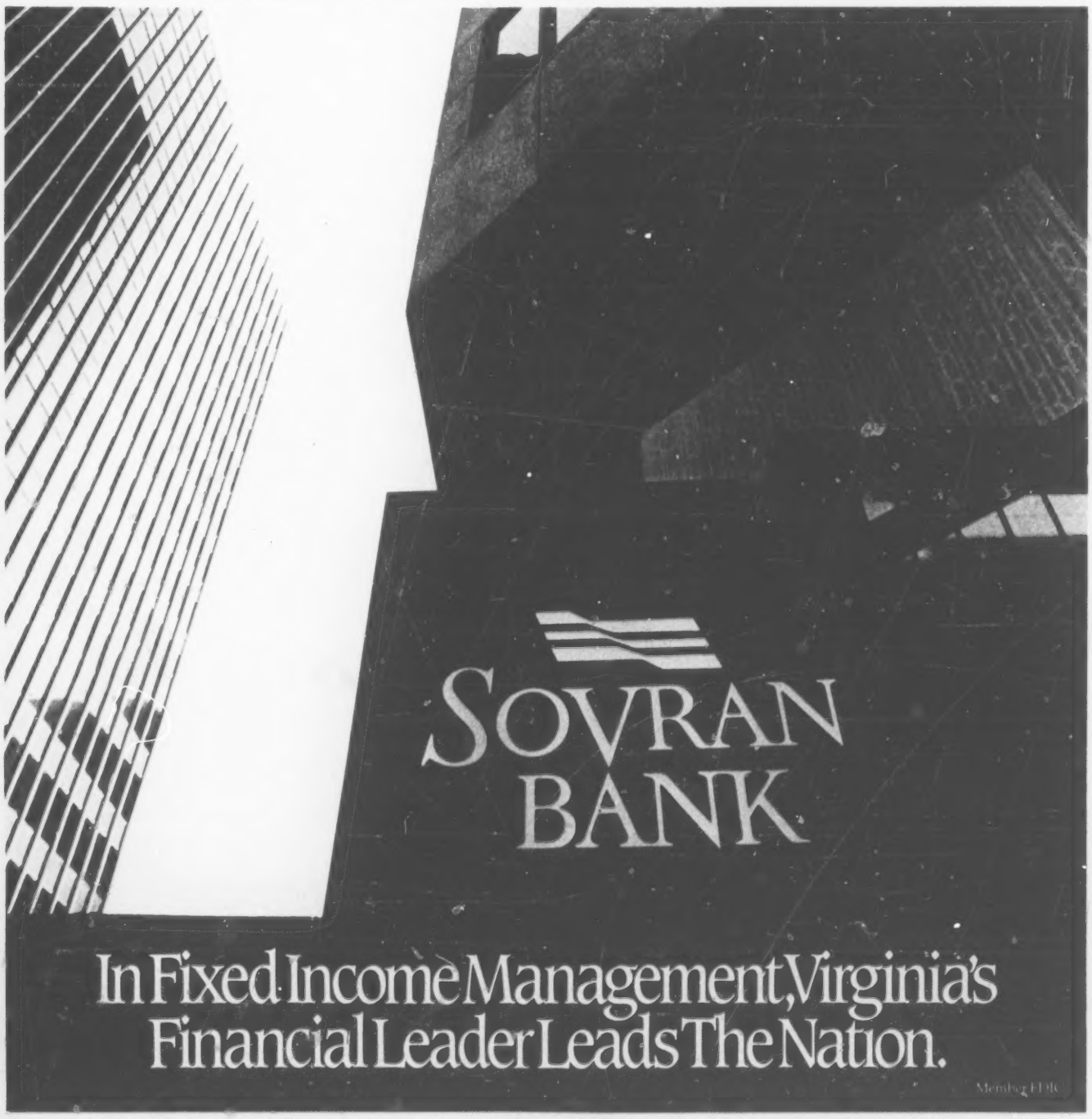
Emmanuel Sella, president, is the chief investment officer; Lewis W. Parker, senior vice president, is the client contact.

AmSouth Bank

P.O. Box 11426, Birmingham, Ala. 35202; (205) 326-5397

Total assets managed	$3,300,000,000
Tax-exempt assets managed:	
Total	$2,000,000,000
Fully discretionary	$1,600,000,000
Master trust assets	$275,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	120
Types of accounts managed	CEFGJ
No. of portfolio managers	8

AmSouth Bank uses a value-oriented, contrarian approach to equity management. The balanced manager's fixed-income approach uses interest rate anticipation and, to a lesser degree, sector selectivity.



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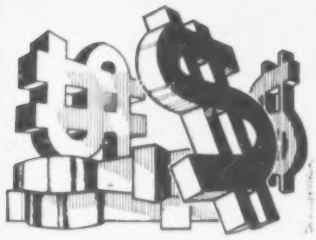

As of Jan. 1, the asset mix was 45% stocks, 45% bonds and 10% cash.

Clients include Bell South, Southern Co., UOP Inc. and the City of Birmingham, Ala.

John H. Goff Jr., senior vice president and senior trust investment officer, is the chief investment officer; Davis H. Crenshaw, vice president and trust marketing officer, is the client contact.

Analytic Investment Management Inc.

2222 Martin St., #230, Irvine, Calif. 92715; (714) 833-0294

Total assets managed	$708,000,000
Tax-exempt assets managed:	
Total	$626,000,000
Fully discretionary	$626,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	24
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	4

Analytic Investment Management's equity approach employs covered options on broadly diversified equity portfolios to reduce period-to-period volatility and increase long-term returns. The balanced manager's fixed-income approach employs covered options on a mix of Treasury bonds, notes and futures to reduce period-to-period volatility and increase long-term returns.

As of Jan. 1, the asset mix was 95% stocks and 5% bonds.

Clients include Eastman Kodak, the Memphis City Retirement System, Yale University Endowment and the Ironworkers District Council of St. Louis.

Sheen T. Kassouf, president and chairman, is the chief investment officer; Ned E. Kassouf, executive vice president and treasurer, is the client contact.

Andron Cechettini & Associates Inc.

3650 Mount Diablo Blvd., Lafayette, Calif. (415) 283-5920; 94549

Total assets managed	$88,000,000
Tax-exempt assets managed:	
Total	$75,000,000
Fully discretionary	$75,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	10
Types of accounts managed	CJ
No. of portfolio managers	2
Size of research staff	1

Equity manager Andron Cechettini places total emphasis on high-growth, small-capitalization companies specializing in technology and non-tech areas.

As of Jan. 1, the asset mix was 90% stocks and 10% cash.

Clients include W.R. Grace, Hughes Aircraft and the Western Airlines Pilots Plan Local 467.

President Ralph Cechettini is the chief investment officer and the client contact.

Argus Investment Management Inc.

1200 Quail, Suite 270, Newport Beach, Calif. 92660; (714) 851-1778

Total assets managed	$84,000,000
Tax-exempt assets managed:	
Total	$29,000,000
Fully discretionary	$29,000,000
Minimum separate account	$500,000
Tax-exempt clients	41
Types of accounts managed	CE
No. of portfolio managers	5
Size of research staff	20

Argus Investment Management uses sector rotation, Graham & Dodd and market timing in its equity approach. It uses asset allocation with a value emphasis in various assets. The firm employs interest rate anticipation, high quality and liquidity to fixed-income investments. It expands or contracts maturity dates and varies quality depending on its economic and interest rate views.

As of Jan. 1, the asset mix was 55% stocks, 10% bonds and 35% cash.

Clients include Long Beach Community Hospital, Valencia Bank Trust Department and the Cancer Foundation of Santa Barbara.

Roland D. Kelly is the chief investment officer; Mr. Kelly, J. Bull and D. Morrison are the client contacts.

Argus Investors' Counsel Inc.

42 Broadway, New York, N.Y. 10004; (212) 425-7500

Total assets managed	$475,000,000
Tax-exempt assets managed:	
Total	$445,000,000
Fully discretionary	$400,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	12
Types of accounts managed	CFJ
No. of portfolio managers	3
Size of research staff	25

Argus Investors' Counsel's equity approach is to use highly diversified unweighted portfolios composed of the stocks of financially strong companies. Positions are kept in balance through regular purchases and sales depending on relative market performance of each issue.

Its fixed-income approach uses interest rate anticipation.

Clients include United Mine Workers of America; Radio, TV & Recording Arts; and the Margaret L. Wendt Foundation.

As of Jan. 1, the asset mix was 69% stocks, 23% bonds, and 8% cash.

Herman I. Roseman, president, is chief investment officer. Robert P. Groesbeck, vice president, is client contact.

ASB Capital Management

655 15th St. N.W., Suite 800, Washington, D.C. 20005; (202) 383-6300

Total assets managed	$2,595,000,000
Tax-exempt assets managed:	
Total	$2,251,000,000
Fully discretionary	$2,251,000,000
Real estate assets managed	$3,200,000
International assets managed	$2,000,000
Tax-exempt clients	328
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	11

ASB Capital Management's equity strategy employs an actively managed, diversified portfolio with stocks selected from a list of industry leaders and many medium- to small-sized companies with significant potential, strong earnings and growth, sound financial condition, clean accounting and projected total returns well in excess of the risk-free rate.

Its actively managed, diversified fixed-income portfolio includes highly marketable and quality bonds with emphasis on U.S. Treasury and federal agency securities. Interest rate projections and the economic condition form the basis for maturity dispersion and coupon diversification.

The minimum separate account size for equity management is $2 million; for fixed-income it is $5 million.

As of Jan. 1, the asset mix was 43% stocks, 42.1% bonds, 14.8% cash and 0.1% equity real estate.

Clients include American National Red Cross, International Brotherhood of Electrical Workers, National Educational Association of the U.S. and the Plumbers and Pipefitters.

Michael B. Miller, president, is the chief investment officer; Howard E.N. Wilson, vice president, is the client contact.

Ashland Management Inc.

26 Broadway, Suite 611, New York, N.Y. 10004; (212) 425-2803

Total assets managed	$193,000,000
Tax-exempt asset. managed:	
Total	$85,000,000
Fully discretionary	$85,000,000
Real estate assets managed	$193,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	28
Types of accounts managed	CEF
No. of portfolio managers	2

Ashland Management's equity investment style is value oriented and emphasizes growth stock and low P/E. All decisions are based on reported financial information. Equity investments are substantially reduced when the market's return on equity is not competitive with risk free investments.

As of Jan. 1, the investment manager managed 100% equities.

Clients include Boeing Co. and the University of Southern California.

Parry Jones is president and chief investment officer. William J. Bogut is client contact.

Atalanta Capital Corp.

450 Park Ave., New York, N.Y. 10022; (212) 832-1104

Total assets managed	$360,000,000
Tax-exempt assets managed:	
Total	$290,000,000
Fully discretionary	$290,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	32
Types of accounts managed	CEFJ
No. of portfolio managers	3

Atalanta Capital Corp., a balanced manager, is a top-down investor in equities specializing in convertibles, asset-oriented equities, special situation and unrecognized growth equities. Capital preservation is the key to its investment approach.

The company also uses a top-down approach in fixed income to find an interest rate forecast that is then used to determine a fixed-income strategy. Only governments and government agency securities are used.

As of Jan. 1, the aset mix was 60% stocks, 20% bonds, and 20% cash.

Clients include the Screen Actors Guild, Loral Corp., Tri Valley Growers and Whittaker Corp.

L. Mark Newman, president, is chief investment officer; Robert C. Vitale, executive vice president, is client contact.

Atalanta/Sosnoff Capital

499 Park Ave., New York, N.Y. 10022; (212) 755-2800

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$1,425,000,000
Fully discretionary	$1,425,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	75
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	1

Atalanta/Sosnoff Capital's investment decisions are based on total expected return. Equity investments are concentrated in two or three sectors of the economy at any one time. Emphasis is placed on large-capitalization issues inefficiently priced, generally with below-average P/E ratios but with strong earnings momentum and above-average returns on equity and high book value-to-price ratios.

The balanced manager uses interest rate anticipation to determine its fixed income orientation, selecting high-quality issues that optimize the duration of the fixed-income sector of the portfolio.

As of Jan. 1, the asset mix was 52% stocks, 25% bonds and 23% cash.

Clients include Dart & Kraft, Alexander & Baldwin and the International Brotherhood of Boilermakers-Blacksmiths.

Martin T. Sosnoff, chairman, and Shepard D. Osherow, president, are the chief investment officers; Lorraine Bogdanovich, director of client services, is the client contact.

Avatar Associates

900 Third Ave., New York, N.Y. 10022; (212) 753-7710

Total assets managed	$460,000,000
Tax-exempt assets managed:	
Total	$450,000,000
Fully discretionary	$450,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	86
Types of accounts managed	CFGJ
No. of portfolio managers	2
Size of research staff	4

Avatar Associates' primary equity strategy is to shift between stocks and cash, from a zero to 100% weighting. Its stock selection approach is value oriented, focusing on strong earnings growth rates combined with lower P/Es. Larger capitalization issues are used. It employs a stop-loss discipline to help control risk.

Statistics at a glance

Total profiled	648
Banks	109
Insurance cos.	29
Investment counselors	511
Total portfolio mgrs. used	4,179
Total number of security analysts	4,678
Stocks watched closely (average)	179
Stocks watched generally (average)	576
Percent research generated internally (average)	60
No. of mgrs. using options	182
No. of mgrs. using stock index futures	46
No. of mgrs. using fixed-income futures	69
Total assets managed ($ billions)	1,628
Top 200	1,323
Top 100	1,085
Tax-exempt assets managed	926
Top 200	844
Top 100	707
Top 25 Master trust assets	355
Top 25 Master custodian assets	125
Real estate assets managed	71
Equity	47
Mortgage	2
Intl. assets managed	28
Stocks	19
Bonds	8

On Jan. 1, the manager was invested 100% in stocks.

Clients include Getty Oil, Gulf Oil, Sherwin-Williams and Nabisco Brands.

Edward S. Babbitt Jr., president, is chief investment officer.

Bruce L. Poliquin, vice president, is client contact.

E.W. Axe & Co. Inc.

Axe Castle, Tarrytown, N.Y. 10591; (914) 631-8131

Total assets managed	$720,000,000
Tax-exempt assets managed:	
Total	$375,000,000
Fully discretionary	$360,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	22
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	6

E.W. Axe & Co. is a balanced manager. For equities, it concentrates on issues with high expected growth rates and low price-earning ratios relative to growth by working toward recognizing technological, demographic, social and regulatory changes early.

For fixed income, it uses interest rate anticipation, believing that style of investing can best be controlled through the duration factor.

As of Jan. 1, the asset mix of the manager was 55% stocks, 40% bonds and 5% cash.

Clients include White Consolidated, Eaton Manufacturing and Chicago Transit Authority.

John L. Schroeder is chief investment officer and Gerald L. Logan is client contact.

J.H. Ayres & Co. Inc.

2016 Condor St., Colorado Springs, Colo. 80909; (303) 635-1414

Total assets managed	$911,000,000
Tax-exempt assets managed:	
Total	$825,000,000
Fully discretionary	$825,000,000
Minimum separate account	$500,000
Tax-exempt clients	12
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	2

J.H. Ayres & Co.'s equity approach uses market timing. Its expertise centers on changes of Federal Reserve system monetary policy, based on the principle that an expanding economy creates a favorable climate for investments. Changes in money flows precede or coincide with basic changes in stock and bond prices and business. Using this data, it alternates investments between equity mutual funds and money market mutual funds.

As of Jan. 1 its assets were 100% invested in equity mutual funds.

Clients include Boulder Medical Center, Viterbo College, Greensburg of Presbytery, and South Macomb Internists P.C. Profit Sharing Plan.

James H. Ayres, president, is chief investment officer and client contact.

b

David L. Babson & Co. Inc.

1 Boston Place, Boston, Mass. 02108; (617) 723-7540

Total assets managed	$2,748,000,000
Tax-exempt assets managed:	
Total	$1,329,000,000
Fully discretionary	$1,329,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	193
Types of accounts managed	CEFGJ
No. of portfolio managers	14
Size of research staff	8

David L. Babson's equity portfolios are characterized by companies with potential for above-average earnings gains, strong fundamental business characteristics and reasonable valuation. The firm's fixed-income management is active special value, and focuses on investing in bond issues that combine attractive yields with good credit quality.

As of Jan. 1, the asset mix was 73% stocks, 17% bonds and 10% cash.

Peter C. Thompson, president, is the chief investment officer; Robert M. Angland, vice president, is the client contact.

Julius Baer Investment Management Inc.

330 Madison Ave., New York, N.Y. 10017; (212) 949-9055

Total assets managed	$36,000,000
Tax-exempt assets managed:	
Total	$36,000,000
Fully discretionary	$36,000,000
International assets managed	$36,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	6

Julius Baer Investment Management, an international fixed-income manager, follows a fundamental top-down approach with emphasis on currency selection and active management.

As of Jan. 1, the asset mix was 95% foreign bonds and 5% cash.

Clients include Owens-Illinois.

Peter J. Widmer, senior vice president, is the chief investment officer; Francesco Andina, managing director, is the client contact.

Bailard, Biehl & Kaiser Inc.

951 Mariner's Island Blvd., San Mateo, Calif. 94404; (415) 571-5800

Total assets managed	$315,000,000
Tax-exempt assets managed	
Total	$60,000,000
Fully discretionary	$60,000,000
Real estate assets managed	$15,000,000
International assets managed	$9,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	21
Types of accounts managed	CJ
No. of portfolio managers	9

Bailard, Biehl & Kaiser's equity approach is value-oriented, with a contrarian bent. For equities, the company uses growth stock, emerging growth, low price-earning ratios, Graham & Dodd and qualitative strategies. The company is willing to wait one or more years for a stock to pay off and considers the percentage of stocks held more important than individual issues.

Its fixed-income approach is to invest in bonds of AA or better quality. Intermediate- to long-term maturities are used when the manager expects interest rates to decline; otherwise this asset category is underweighted.

The asset mix as of Jan. 1 was 25% U.S. stocks, 35% bonds, 25% equity real estate and 15% international securities.

Clients include Western Air Lines and H.S. Crocker Co.

David R. Rahn, executive vice president and director of research, is chief investment officer. Paul J. Miller, vice president, is client contact.

BA Investment Management

555 California St., San Francisco, Calif. 94104; (415) 622-6776

Total assets managed	$3,084,000,000
Tax-exempt assets managed:	
Total	$2,195,000,000
Fully discretionary	$2,195,000,000
Master trust assets	$8,000,000,000
Master custodian assets	$3,000,000,000
Real estate assets managed	$145,000,000
International assets managed	$19,300,000
Minimum separate account	$10,000,000
Tax-exempt clients	21
Types of accounts managed	CFG
No. of portfolio managers	9
Size of research staff	13

BA Investment Management, a balanced and international manager, emphasizes value-oriented situations with above-average S&P total expected-return potential with a bias toward companies that exhibit superior growth and profit characteristics.

For fixed-income, the firm uses active management based on capital preservation with an opportunity to move into intermediate- and longer-term securities, depending on the firm's interest-rate forecast. The firm also offers several passive management programs.

Master trust services are provided by Bank of America. Real estate is managed by Bank of America Investment Real Estate.

As of Jan. 1, the asset mix was 45% stocks, 40% bonds, 10% cash, and 5% equity real estate. Clients include American Motors, General Motors and Morrison-Knudsen.

Robert G. Wade Jr., president and chairman of the board, is chief investment officer; Douglas E. Heidohrn, senior vice president-marketing and client services, is client contact.

Balch, Hardy & Scheinman

501 Fifth Ave., New York, N.Y. 10017; (212) 661-6290

Total assets managed	$635,000,000
Tax-exempt assets managed:	
Total	$634,000,000
Fully discretionary	$634,000
Minimum separate account	$1,000,000
Tax-exempt clients	16
Types of accounts managed	CGJ
No. of portfolio managers	4
Size of research staff	1

Balch, Hardy & Scheinman is an options manager.

As of Jan. 1, the asset mix was 96% in option overriding and 4% in option buy/write programs.

Clients include Allied Corp., the State of Florida, Shell Oil and McGraw Edison.

William F. Balch, president, is chief investment officer and client contact.

Bank of Boston

100 Federal St., Boston, Mass. 02110; (617) 434-2200

Total assets managed	$2,150,000,000
Tax-exempt assets managed:	
Total	$2,150,000,000
Fully discretionary	$1,290,000,000
Real estate assets managed	$235,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	52
Types of accounts managed	CEF
No. of portfolio managers	12

The Bank of Boston uses a blend of stocks from two universes — a growth universe and a value universe — in its equity approach. A minimum of 70% of the portfolio must be from the high-value stocks, which are determined by low P/E, price to cash flow multiple, high cash yields and low price to book value ratio.

Its fixed-income approach is active with a core of intermediate securities.

William B. Moody, senior vice president, is chief investment officer. Peter F. Tague III, first vice president, and Caroline Brown, senior trust officer, are client contacts.

Bank of New England

28 State St., Boston, Mass. 02106; (617) 742-4000

Total assets managed	$6,100,000,000
Tax-exempt assets managed:	
Total	$596,000,000
Fully discretionary	$189,000,000
Master trust assets	$72,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	359
Types of accounts managed	CEFG
No. of portfolio managers	7
Size of research staff	10

For equities, the Bank of New England emphasizes growth stocks where valuations permit. In limited cases, it uses cyclical companies with unusually low valuations.

For fixed income, rate forecasting is minimized. Forty percent of the portfolio is laddered out to 2-10 years and actively managed; 60% is actively traded along yield curve to 30 years. The minimum average maturity is eight years, and the maximum is 15 years.

As of Jan. 1, the asset mix was 57% stocks, 32% bonds and 11% cash.

Clients include Bird & Son and Foxboro Co..

Richard V. Howe, vice president and officer in charge of the institutional investment department, is the chief investment officer; Joyce A. Braude, assistant vice president, is the client contact.

The Bank of New York

48 Wall St., New York, N.Y. 10015; (212) 530-1784

Total assets managed	$5,686,000,000
Tax-exempt assets managed:	
Total	$2,366,000,000
Fully discretionary	$1,280,000,000
Master custody assets	$40,000,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	138
Types of accounts managed	CEFGJ
No. of portfolio managers	28
Size of research staff	17

The Bank of New York focuses on sector rotation in equity management, and uses interest rate anticipation for fixed-income investments.

The firm offers options programs.

As of Jan. 1, the asset mix was 45% stocks, 35% bonds and 20% cash.

Charles L. Booth, executive vice president, is the chief investment officer; Nicholas R. Whitcraft and George C. Brett, vice presidents, are the client contacts.

Bank of Oklahoma

P.O. Box 2300, Tulsa, Okla. 74192; (918) 588-6763

Total assets managed	$2,830,000,000
Tax-exempt assets managed:	
Total	$2,600,000,000
Fully discretionary	$1,187,000,000
Master trust assets	$302,000,000
Master custodian assets	$226,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	286
Types of accounts managed	CEFGJ
No. of portfolio managers	4

The Bank of Oklahoma bases equity strategy on the determination of acceptable issues and the attractiveness of issues at current prices relative to each other and to alternative investments.

The balanced manager's fixed-income philosophy uses a selection process including interest rate anticipation and a price discipline, and is

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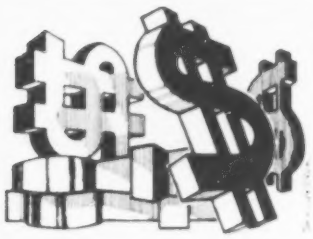
For further information, call Chandler H. Everett,
Vice President, Marketing.

Morguard Realty Advisors, Inc.

Morguard Realty Advisors, Inc.
910 Fifth Avenue, Seattle, WA 98104
(206) 623-1650



based on risk-to-reward trade-off.

As of Jan. 1, the asset mix was 40% stocks, 40% bonds and 20% cash.

Clients include Teachers' Retirement System of Oklahoma, Williams Cos., Parker Drilling Cos. and Reading & Bates.

Ned W. Schmidt, senior vice president and investment officer, is the chief investment officer; Barry L. Searer, vice president and trust officer, is the client contact.

Bank of Virginia Trust Co.

P.O. Box 26311, Richmond, Virginia 23260; (804) 771-7154

Total assets managed	$655,000,000
Tax-exempt assets managed	
Total	$425,000,000
Fully discretionary	$375,000,000
Minimum separate account	$200,000
Tax-exempt clients	430
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	1

The Bank of Virginia Trust equity strategy is low P/E and risk averse. It strives to outperform in down markets and to match up markets. The manager's fixed-income approach is passive, and concentrates on high-quality maturities under 10 years.

As of Jan. 1, the asset mix was 40% stocks, 55% bonds and 5% cash.

Clients include Mid-Atlantic Coca-Cola Bottling, the City of Richmond, Infilco Degremont and Fourco Glass.

F. Gordon Mabey, vice president, is chief investment officer; trust officer Kerry E. Powers is client contact.

Bank One Trust Co.

100 E. Broad St., Columbus, Ohio 43271; (614) 463-5676

Total assets managed	$1,400,000,000
Tax-exempt assets managed	
Total	$750,000,000
Fully discretionary	$750,000,000
Real estate assets managed	$8,100,000
Minimum separate account	$1,000,000
Tax-exempt clients	1,570
Types of accounts managed	CEFGJ
No. of portfolio managers	11

For equity management, Bank One Trust uses a sector rotation approach with primary emphasis on earnings and price momentum. Its fixed-income strategy seeks preservation of capital and maximum total rate of return with low volatility. Particular attention is given to intermediate-average maturity position and concentration in government securities.

As of Jan. 1, the asset mix was 45% stocks, 45% bonds, 9% cash and 1% equity real estate.

Clients include Monarch Machine Tool, White Castle Systems, Worthington Industries and Emerson Electric.

Michael B. Steele, vice president, is the chief investment officer; assistant vice president Donald W. Kennedy is the client contact.

The Bankers Life

711 High St., Des Moines, Iowa 50307; (515) 247-5111

Total assets managed	$11,358,000,000
Tax-exempt assets managed:	
Total	$7,976,000,000
Fully discretionary	$7,976,000,000
Real estate assets mgd	$3,331,000,000
Minimum separate account	$50,000
Tax-exempt clients	15
Types of accounts managed	CGJ
No. of portfolio managers	4
Size of research staff	40

The Bankers Life uses a top-down, value-oriented equity approach, determined by relating current price to estimated future return on new worth.

The fixed-income approach is fundamental, and uses both public and private placement markets, focusing on interest rates, credit risks, maturities and terms.

As of Jan. 1, the asset mix was 15% stocks, 11% bonds, 3% cash, 1% equity real estate, 41% mortgages and 29% private placement.

Clients include American Motors, Federal-Mogul, Lubrizol and Meredith Publishing.

Roy Ehrle, senior vice president, is chief investment officer; F. Doug Rasmussen, director-pension investment services, is the client contact.

Bankers Trust-Investment Management Group

280 Park Ave., New York, N.Y. 10017; (212) 850-2050

Total assets managed	$28,300,000,000
Tax-exempt assets managed	
Total	$28,300,000,000
Fully discretionary	$28,300,000
Master trust assets	$58,200,000,000
Master custodian assets	$3,800,000,000
International assets managed	$65,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	150
Types of accounts managed	CEG
No. of portfolio managers	25
Size of research staff	8

Bankers Trust seeks to identify

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large-capitalization companies whose business prospects, measured by potential earnings and dividends, are not fully recognized in the stock price. Smaller, emerging growth companies also are purchased.

Superior fixed-income returns are sought by concentrating on the major decisions of interest rate anticipation and sector positioning. Depending on Bankers Trust's interest rate forecasts, it will increase or decrease the duration of its portfolio holdings.

The U.K. Pension Fund, managed by Bankers Trust's London office, was consolidated with the investment management group as of January 1983. The asset figures for the firm reflect this consolidation.

Clients include General Motors, Philip Morris, Lockheed and The LTV Corp.

H. Kent Atkins, senior vice president, is the chief investment officer; William O. Melvin Jr., vice president, is the client contact.

Baring International Investment

8 Bishopsgate, London EC2N 4AE; (011) 44-1-283-8833

Total assets managed	$225,000,000
Tax-exempt assets managed:	
Total	$225,000,000
Fully discretionary	$225,000,000
International assets managed	$225,900,000
Tax-exempt clients	9
Types of accounts managed	C
No. of portfolio managers	10
Size of research staff	9

Baring International Investment, an international equity manager, uses a macro (top-down) approach to asset class and geographical selection, focusing on economic policy, currency outlook and other factors. Within individual countries it is a stock picker focusing on reinvestment rates to select undervalued securities.

As of Jan. 1, the asset mix was 96% stocks and 4% cash.

Clients include Inland Steel, GTE, Beatrice Foods and United Air Lines.

Peter S. Hartley, London-based managing director, is the chief investment officer; John F. McNamara in Boston is the client contact.

Barrow, Hanley, Mewhinney & Strauss Inc.

1250 Two Lincoln Centre, Dallas, Texas 75240; (214) 392-3100

Total assets managed	$790,000,000
Tax-exempt assets managed:	
Total	$790,000,000
Fully discretionary	$790,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	23
Types of accounts managed	CEF
No. of portfolio managers	4

Barrow, Hanley, Mewhinney & Strauss, an equity manager, selects stocks with low P/Es and incorporates the Graham & Dodd approach.

As of Jan. 1, the asset mix was 85% stocks, 12% bonds and 3% cash.

Clients include Phillips Petroleum, Pacific Gas & Electric, National Rural Electric Cooperative Association and the City of Memphis.

Client contact is Michael C. Mewhinney.

Bartlett & Co.

120 E. Fourth St., Cincinnati, Ohio 45202; (513) 621-4612

Total assets managed	$500,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
Minimum separate account	$500,000
Tax-exempt clients	67
Types of accounts managed	CEF
No. of portfolio managers	14

Bartlett & Co. uses Graham & Dodd in its equity approach. The company's stock selection is value oriented with emphasis on companies with a strong financial position. It seeks a large number of positions concentrated in areas deemed to be undervalued.

As of Jan. 1, the asset mix was 56% stocks, 34% bonds, 7% cash, 1% equity real estate and 2% mortgages.

Clients include Xavier University, Vorys Brothers Inc., Lexington Clinic and Whiting Manufacturing.

William A. Friedlander is chief investment officer and Woodrow H. Uible is client contact.

Batterymarch Financial Management

600 Atlantic Ave., Boston, Mass. 02210; (617) 973-9300

Total assets managed	$11,145,000,000
Tax exempt assets managed:	
Total	$10,984,000,000
Fully discretionary	$10,984,000,000
International assets managed	$120,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	132
Types of accounts managed	CEFGJ
No. of portfolio managers	10

Batterymarch Financial Management's equity approach is contrary, value-oriented, conservative and opportunistic, emphasizing strategic decisions using quantitative, disciplined techniques for portfolio construction.

Its fixed-income approach consists of a corporate bond portfolio using the same companies that appear undervalued to the manager in its equity analysis.

Clients include the state of Oregon, Honeywell Corp., United Mine Workers and Ford Foundation.

Dean LeBaron, president, is chief investment officer; Alan J. Strassman, executive vice president, is client contact.

Bayrock Advisors

127 John St., New York, N.Y. 10004; (212) 791-3500

Total assets managed	$165,000,000
Tax-exempt assets managed:	
Total	$125,000,000
Fully discretionary	$125,000,000
Minimum separate account	$250,000
Tax-exempt clients	80
Types of accounts managed	CEFJ
No. of portfolio managers	4
Size of research staff	30

For equities, Bayrock Advisors concentrates on quality growth stocks with above-average growth outlook and below-average multiples.

For fixed income investments, the manager lengthens and shortens maturities within a 10-year maximum maturity, based on its interest rate forecasts.

The firm offers options management.

As of Jan. 1, the asset mix was 45% stocks, 40% bonds and 15% cash.

Clients include Dayco, West Virginia Laborers, the U.S. Postal Workers Credit Union and the Art Students League of New York.

Alan Rosenfeld, senior vice president; is the chief investment officer and the client contact.

BEA Associates Inc.

Citicorp Center, 58th Floor, 153 E. 53rd St., New York, N.Y. 10022; (212) 832-2626

Total assets managed	$3,393,000,000
Tax-exempt assets managed:	
Total	$3,204,000,000
Fully discretionary	$3,204,000,000
International assets managed	$150,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	154
Types of accounts managed	CEFG
No. of portfolio managers	7
Size of research staff	5

BEA Associates' value-oriented equity management emphasizes both the selection of undervalued securities and the identification of industries and sectors with above-average appreciation prospects. For fixed income, the firm's total return philosophy emphasizes active duration and sector adjustment to achieve superior absolute and relative performance.

The firm uses options, stock-index futures and fixed-income futures.

As of Jan. 1, the asset mix was 70% stocks, 20% bonds and 10% cash.

Clients include Oregon, American Standard and General Public Utility.

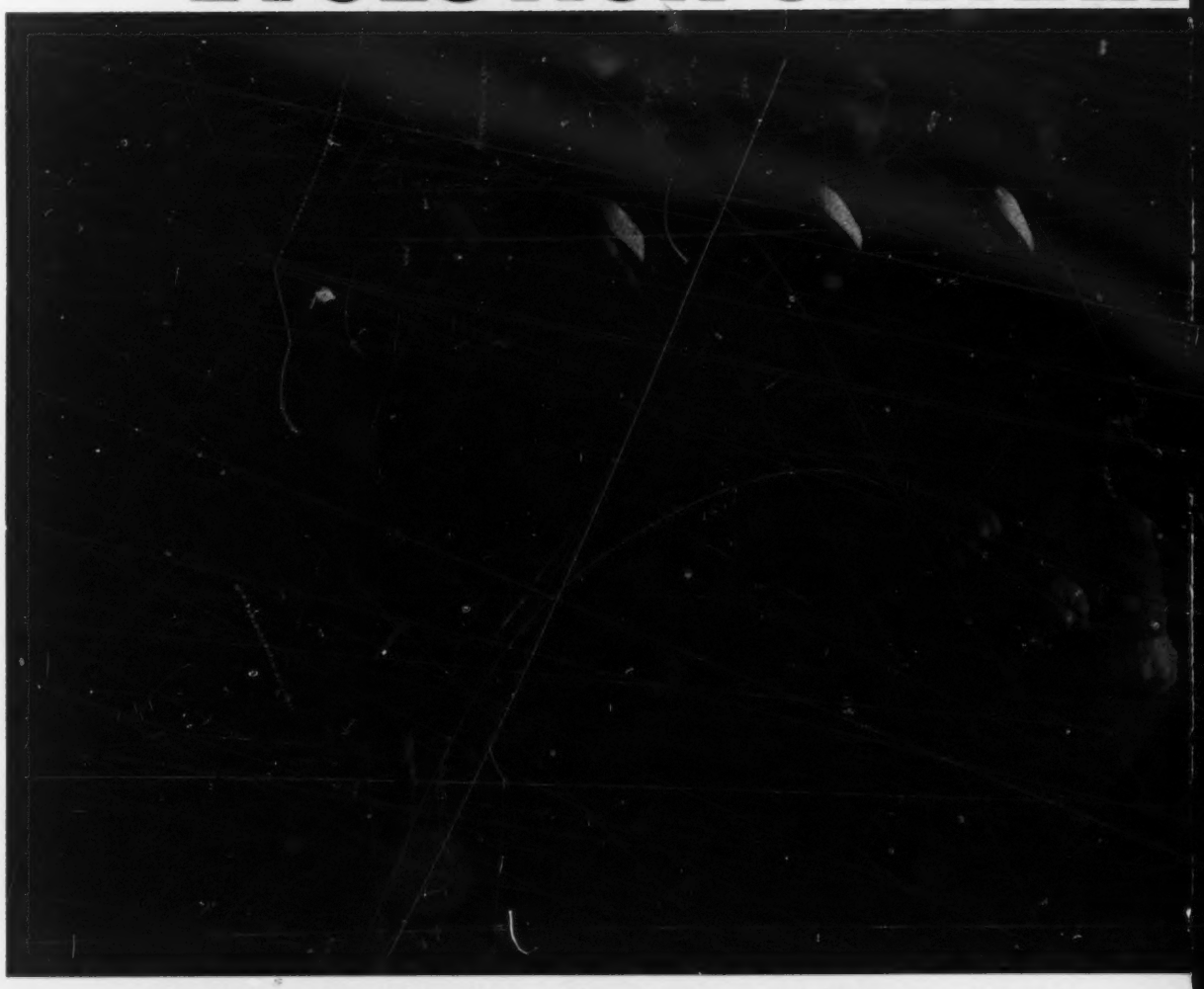
Albert L. Zesiger, chairman and president, is the chief investment officer; John B. Hurford, director and vice president, is the client contact.

Beacon Capital Management

48 Wall St., New York, N.Y. 10015; (212) 530-3758

Total assets managed	$845,000,000
Tax-exempt assets managed:	
Total	$845,000,000
Fully discretionary	$845,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	23
Types of accounts managed	CF
No. of portfolio managers	7
Size of research staff	5

INTRODUCING THE NEX EVOLUTION OF BANK



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Beacon Capital Management uses a distinctive set of fundamental and quantitative valuation measures for stock selection within market sectors with weights that are likely to deviate substantially from the S&P 500. The firm uses interest rate anticipation for fixed income.

As of Jan. 1, the asset mix was 71% stocks and 29% bonds.

Samson Wang, president, is the chief investment officer; Frederick L. Graef Jr., vice president, is the client contact.

Beese, Fulmer Associates

205 Central Plaza S., Canton, Ohio 44702; (216) 454-6555

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Fully discretionary	$8,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	2
Types of accounts managed	CF
No. of portfolio managers	2

Beese, Fulmer Associates in its equity approach looks for companies operating in fields it considers to be good businesses and attempts to buy their stocks at low relative valuations. For fixed income it purchases bonds with low relative business risk in anticipation of interest-rate shifts. Maturity ranges may vary from very short term to 15 years, dependent upon yield curve considerations.

As of Jan. 1, the asset mix was 75% stocks, 15% bonds and 10% cash.

Chairman Dennis S. Fulmer is the chief investment officer; president William A. Pincoe is the client contact.

Bernstein-Macaulay Inc.

505 Park Ave., New York, N.Y. 10022; (212) 826-1500

Total assets managed	$3,313,000,000
Tax-exempt assets managed:	
Total	$3,258,000,000
Fully discretionary	$3,258,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	85
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	4

With Bernstein-Macaulay, a balanced manager, asset allocation is the first decision — moving assets into areas deemed most attractive with least risk. The firm then rotates between sectors in seeking highest returns at lowest risk, picking stocks in those sectors.

For fixed income, the firm's economic forecast, which includes interest rate trend analysis, serves as the foundation. The process deals with short- and intermediate-term movements as well as cyclical trends in rates. Emphasis is on major market trends.

As of Jan. 1, the asset mix was 50% stocks, 42% bonds, and 8% cash.

Clients include American Federation of Musicians, Lockheed, Household International and Arizona.

James Karanfilian, vice chairman, is the chief investment officer; Duane G. Roberts, marketing director, is the client contact.

Sanford C. Bernstein & Co.

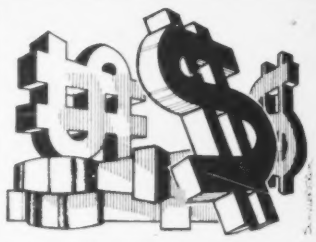
767 Fifth Ave., New York, N.Y. 10153; (212) 486-5870

Total assets managed	$2,500,000,000
Tax-exempt assets managed:	
Total	$1,800,000,000
Fully discretionary	$1,800,000,000
Minimum separate account	$200,000
Tax-exempt clients	119
Types of accounts managed	CEFGJ
No. of portfolio managers	13
Size of research staff	27

Sanford C. Bernstein & Co. Inc. is a value-oriented manager that seeks to uncover extreme mispricings. It utilizes security analysis and a disciplined decision-making process. Value is defined by the relationship of price to long-term earnings and dividends. Its equity approach is best described as low P/E, sector rotation and Graham & Dodd.

Bernstein is a value-oriented, intermediate-term bond manager. Quantitatively based research evaluates relationships between and within sectors and along the yield curve. Its approach to fixed income is best described as sector analysis, optimal maturity mix.

The firm uses options and fixed-income futures.



Clients include Chrysler Corp., Ashland Oil Inc., Allegheny Power System Inc. and the New York State Teachers' Retirement System.

Peter Carman, chief investment officer and chairman-investment policy group, is the chief investment officer. Richard S. Abramson, director-pension asset advisers, is client contact.

Beutel Goodman Capital Management

2030 Texas Commerce Tower, Houston, Texas 77002; (713) 221-1790

Total assets managed	$152,000,000
Tax-exempt assets managed:	
Total	$152,000,000
Fully discretionary	$152,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	9
Types of accounts managed	CFG
No. of portfolio managers	2
Size of research staff	8

Beutel Goodman Capital Management seeks companies selling at a discount to their book and/or asset value and those selling at a low relative price-earnings multiple, given their investment characteristics and forecasted earnings growth. The equity manager relies on sector rotation and Graham & Dodd in portfolio management.

As of Jan. 1, the asset mix was 96% stocks and 4% cash.

Clients include CPC International, Hercules Inc., Minnesota State Board of Investment and Englehard.

Robert F. McFarland, president, is the chief investment officer; David Egan, of Fairfield Capital Associates in Westport, Conn., is the client contact.

BMI Capital Corp.

67 Wall St., New York, N.Y. 10005; (212) 422-1603

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$291,000,000
Fully discretionary	$291,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	16
Types of accounts managed	CG
No. of portfolio managers	4
Size of research staff	7

Using original, independent research and focusing outside the mainstream, BMI invests in rapidly growing and misperceived companies believed to present opportunities for substantial gain. The equity manager relies on stock selection in its portfolio management.

As of Jan. 1, the asset mix was 98% stocks and 2% cash.

Clients include Ashland Oil, CBS, Celanese and Conoco.

President James D. Awad and Chairman Jerome S. Baron are chief investment officers; Vice President Sandra A. Jerro is client contact.

Boatmen's Trust Division

100 N. Broadway, Box 7365, St. Louis, Mo. 63166; (314) 425-3616

Total assets managed	$4,570,000,000
Tax-exempt assets managed:	
Total	$3,466,000,000
Fully discretionary	$3,466,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	250
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	5

In its equity purchases, Boatmen's Trust Division considers value and positive price momentum, emphasizing stocks with above-average growth and return characteristics. The sell decision is based on negative earnings surprise or deteriorating relative strength.

Anticipated changes in interest rates or the yield curve determine structural changes in its fixed-income portfolio. Bonds are viewed as mar-

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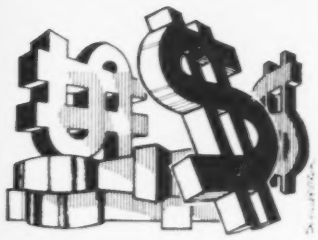


ketable instruments that should be bought when undervalued and sold when overpriced.

As of Jan. 1, the asset mix was 38% stocks, 55% bonds and 7% cash.

Russell W. Murphy, senior vice president, is the chief investment officer; Walter A. Hellwig, trust officer, is the client contact.

Bostian Research Associates Inc.

360 Madison Ave., New York, N.Y. 10017; (212) 907-0180

Total assets managed	$5,000,000
Tax-exempt assets managed:	
Total	$4,000,000
Fully discretionary	$4,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	2

Bostian Research is a market timing manager (systematic equity cash allocation) and a stock index futures fund manager. It provides proprietary market timing and stock selection through computer-based processing of economic and market data and consistent application of disciplines.

As of Jan. 1, the asset mix was 90% stocks and 10% cash. However, on Jan. 15, that changed to 40% stocks and 60% cash.

Advisory clients include Du Pont and ARCO.

Partners David B. Bostian Jr. and Howard Winell are the chief investment officers; Mr. Bostian is the client contact.

The Boston Co. Inc.

1 Boston Place, Boston, Mass. 02106; (617) 722-7000

Total assets managed	$7,565,000,000
Tax-exempt assets managed:	
Total	$4,684,000,000
Fully discretionary	$3,817,000,000
Master trust assets	$18,200,000,000
Master custodian assets	$3,900,000,000
Real estate assets managed	$661,000,000
International assets managed	$2,400,000
Minimum separate account	$5,000,000
Tax-exempt clients	93
Types of accounts managed	CEFGJ
No. of portfolio managers	14
Size of research staff	18

The Boston Co. follows a value-oriented approach and sector weightings for equities. Quantitative and judgmental factors identify specific buy and sell candidates in disciplined risk-controlled porfolios.

Fixed-income and balanced accounts seek superior results through maturity management within risk-controlled constraints. Interest rate forecasting drives active bond management in maturity sector, coupon, quality and issue selection.

As of Jan. 1, the asset mix was 16% stocks, 64% bonds, 5% cash, 14% equity real estate and 1% oil and gas investments.

Clients include U S WEST, AT&T, General Motors and Eastman Kodak.

President James N. von Germeten is the chief investment officer; Vice President John R. Snow is the client contact.

Stacey Braun Associates Inc.

15 Maiden Lane, New York, N.Y. 10038; (212) 732-2060

Total assets managed	$500,000,000
Tax-exempt assets managed:	
Total	$500,000,000
Fully discretionary	$406,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	40
Types of accounts managed	J
No. of portfolio managers	5
Size of research staff	5

Stacey Braun Associates is a balanced manager with a Graham & Dodd approach to equities. Major criteria in its equity selections are reasonably consistent earnings growth, low price-earnings multiples and dependable dividends for above-average yields. The firm's selection of fixed-income securities is based on interest rate anticipation.

As of Jan. 1, the asset mix was 25% stocks, 70% bonds and 5% cash.

Clients include Laborers National Pension Fund, United Parcel Service Union Retirement Fund, American Guild of Musical Artists Pension Fund and Local 210 Pension Fund.

Martin H. Wexler, president, is the chief investment officer; Elizabeth Stirling, vice president, is the client contact.

John W. Bristol & Co. Inc.

233 Broadway, New York, N.Y. 10279; (212) 267-9000

Total assets managed	$1,000,000,000
Tax-exempt assets managed:	
Total	$800,000,000
Fully discretionary	$800,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	35
Types of accounts managed	CEF
Size of research staff	6

John W. Bristol & Co. is a balanced manager employing growth stock and sector rotation in its equity approach. The fixed-income approach is based on interest rate anticipation.

As of Jan. 1, the asset mix was 70% stocks, 20% bonds and 10% cash.

Clients include Princeton University, Colorado College, Swarthmore College and University of Virginia.

Charles H. Mott is the chief investment officer and client contact.

Brokaw Capital Management

660 Madison Ave., New York, N.Y. 10021; (212) 980-1881

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$517,000,000
Fully discretionary	$517,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	40
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	2

Brokaw Capital Management's equity approach combines market strategy, the choice of common stocks with potential to appreciate a minimum of 25% in 12 to 18 months and defensive use of cash against adverse conditions to seek superior investment returns.

The asset mix as of Jan. 1 was 99.3% stocks and 0.7% cash.

Clients include National Steel Corp., Consolidated Natural Gas, W.R. Grace & Co. and Xerox.

William V. Brokaw, president, is chief investment officer; James M. Mead, vice president-client relations, is client contact.

Alex. Brown Partners

135 E. Baltimore St., Baltimore, Md. 21202; (301) 727-1700

Total assets managed	$306,000,000
Tax-exempt assets managed:	
Total	$192,000,000
Fully discretionary	$192,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	46
Types of accounts managed	CEFG
No. of portfolio managers	4

Alex. Brown Partners favors flexible stock selection in its equity approach, emphasizing good values that are overlooked or out of favor and have potential for favorable change in fundamental prospects or investor perception.

The fixed-income approach provides high income and stability of market value, emphasizing short- and intermediate-term maturities, high coupons and high quality.

As of Jan. 1, the asset mix was 64% stocks, 22% bonds and 14% cash.

Clients include W. Alton Jones Foundation and Monumental Corp.

J. Dorsey Brown III, general partner, is the chief investment officer; Lee S. Owen is the client contact.

Brown Brothers Harriman

59 Wall St., New York, N.Y. 10005; (212) 483-1818

Total assets managed	$9,620,000,000
Tax-exempt assets managed:	
Total	$6,140,000,000
Fully discretionary	$6,140,000,000
International assets managed	$290,000,000
Tax-exempt clients	374
Types of accounts managed	CEFGJ
No. of portfolio managers	56
Size of research staff	25

Brown Brothers Harriman uses stock selection, diversification and market timing for equity accounts and equity components of balanced accounts. The company's activist approach to fixed income uses sector and individual issue swapping as well as interest rate anticipation.

As of Jan. 1, the asset mix was 30% stocks, 45% bonds and 25% cash.

Clients include American Airlines, AT&T and Joseph Seagram & Co.

Maarten van Hengel, partner, is the chief investment officer; Frank J. Keeler, manager, is the client contact.

Brundage, Story & Rose

1 Broadway, New York, N.Y. 10004; (212) 269-3050

Total assets managed	$3,300,000,000
Tax-exempt assets managed:	
Total	$2,200,000,000
Fully discretionary	$2,000,000,000
Minimum separate account	$500,000
Tax-exempt clients	150
Types of accounts managed	CEFGJ
No. of portfolio managers	20
Size of research staff	16

Brundage, Story and Rose, a balanced manager, is a long-term fundamental investor stressing broad economic and monetary factors in its equity approach. It focuses more upon business and industry considerations than upon a stock market approach.

Interest rate anticipation is used in fixed income to provide stability, continuity of income and additional income.

As of Jan. 1, the asset mix was 80% stock, 15% bonds and 5% cash.

Malcolm D. Clarke Jr., partner, is chief investment officer and client contact.

Burgess Capital Corp.

801 Welch Road, Palo Alto, Calif. 94304; (415) 325-4545

Total assets managed	$78,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	$65,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	18
Types of accounts managed	CFG
No. of portfolio managers	2

Equity manager Burgess Capital follows sector rotation and market timing while using options to reduce the risk of owning equities in flat or down markets.

As of Jan. 1, the asset mix was 35% stocks (covered with options) and 65% bonds.

Clients include Catlow-Steens, Computer Resources, Western Art Stone and Putnam Buick.

President Robert F. Burgess is chief investment officer and client contact.

Burnham & Co.

202 Federal Square Building, Grand Rapids, Mich. 49509; (616) 459-1043

Total assets managed	$235,000,000
Tax-exempt assets managed:	
Total	$152,000,000
Fully discretionary	$100,000,000
Minimum separate account	$200,000
Tax-exempt clients	97
Types of accounts managed	CEFGJ
No. of portfolio managers	2
Size of research staff	2

Burnham & Co. is a balanced manager that focuses on growth stock in equities and sector analysis in fixed-income management.

As of Jan. 1, the asset mix was 30% stocks, 60% bonds and 10% cash.

Clients include Oakland County (Mich.) Employees, City of Wyoming (Mich.) Employees and Plumbers & Steamfitters Survivors & Pension Plan Local No. 70.

Robert W. Burnham, president, is chief investment officer and client contact.

J.W. Burns & Co. Inc.

1603 State Tower Building, Syracuse, N.Y. 13202; (315) 471-1341

Total assets managed	$37,000,000

Rank	Asset manager	1983 assets ($ millions)
1.	Bankers Trust Co.	28,300
2.	Morgan Guaranty	25,466
3.	Manufacturers Hanover	24,000
4.	Citicorp Investments	18,418
5.	Wells Fargo	12,900
6.	Chase Investors Management	11,000
7.	Capital Guardian Trust	10,098
8.	Wilmington Trust	10,000
9.	Mellon Bank	9,184
10.	Favia Hill Associates (Chemical)	8,700
11.	State Street Bank & Trust	7,956
12.	Fiduciary Trust	6,200
13.	American National Bank (Chicago)	6,148
14.	Harris Trust	5,636
15.	Trust Co. of the West	5,300
16.	First Chicago Asset Management	5,292
17.	AmeriTrust	4,600
18.	Continental Illinois	4,577
19.	Northern Trust	4,308
20.	National Bank of Detroit	4,273
21.	RepublicBank Dallas	3,511
22.	Boatmens National Bank	3,466
23.	Security Pacific Bank	3,400
24.	Crocker National Bank	3,100
25.	Crocker Investment Management Co.	3,050
	TOTAL	$228,883

** includes bank investment management subsidiaries.*

Rank	Asset manager	1983 assets ($ millions)
1.	Equitable Life	36,162
2.	TIAA/CREF	31,000
3.	Prudential Insurance	29,859
4.	Aetna Life Insurance	26,882
5.	Metropolitan Life	25,897
6.	Travelers Insurance	15,024
7.	CIGNA	14,372
8.	John Hancock Mutual Life	12,300
9.	Bankers Life	7,976
10.	New York Life	5,353
11.	Pacific Investment Management	5,310
12.	New England Mutual Life	4,129
13.	Massachusetts Mutual Life	4,000
14.	Lincoln National Life	3,823
15.	Mutual Benefit Life	3,700
16.	Great West Life	3,500
17.	MONY	3,100
18.	Kemper Financial	2,970
19.	Union Mutual Life	2,466
20.	Transamerica Investment	2,400
21.	Pacific Mutual Life	2,244
22.	Mutual of America	2,000
23.	Continental Assurance	1,947
24.	Travelers Investment Management	1,776
25.	Connecticut Mutual	1,000
	TOTAL	$249,190

** includes investment management subsidiaries.*

Rank	Asset manager	1983 assets ($ millions)
1.	Alliance Capital Management	16,344
2.	State Street Research & Management	11,000
3.	Batterymarch Financial Management	10,984
4.	Jennison Associates Capital Corp.	10,600
5.	Loomis Sayles & Co. Inc.	9,813
6.	Fayez Sarofim	7,660
7.	T. Rowe Price Associates	7,445
8.	Scudder, Stevens & Clark	6,927
9.	Putnam Advisory	6,792
10.	Brown Brothers, Harriman	6,140
11.	Delaware Investment Advisors	6,000
12.	Thorndike, Doran, Paine & Webber	5,848
13.	Criterion Investment Management	5,600
14.	Lehman Management	5,484
15.	MacKay-Shields Financial Corp.	5,240
16.	Fischer, Francis, Trees & Watts	5,007
17.	Forstmann, Leff	4,931
18.	Stein Roe & Farnham	4,900
19.	The Boston Co.	4,684
20.	Oppenheimer Capital Corp.	4,666
21.	Rosenberg Capital Management	4,540
22.	IDS Advisory	3,667
23.	Miller, Anderson & Sherrerd	3,502
24.	Capital Supervisors	3,271
25.	Bernstein Macaulay	3,258
	TOTAL	$164,303

Profiles

Tax-exempt assets managed:	
Total	$14,000,000
Fully discretionary	$14,000,000
Minimum separate account	$100,000
Tax-exempt clients	50
Types of accounts managed	CFGJ
No. of portfolio managers	2
Size of research staff	2

J.W. Burns is an equity manager that seeks basic value equity investments. The firm concentrates its search efforts on medium-sized companies, i.e., sales volume of approximately $250 million to $1.5 billion. Emphasis is on the quality of management, balance sheet and product.

As of Jan. 1, the asset mix was 84% stocks, 15% bonds and 1% cash.

President John W. Burns is the chief investment officer and the client contact.

Cambiar Investors Inc.

8400 E. Prentice Ave. #460, Englewood, Colo. 80111; (303) 793-3939

Total assets managed	$162,000,000
Tax-exempt assets managed:	
Total	$89,000,000
Fully discretionary	$89,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	86
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	3

In its equity approach, Cambiar Investors uses fundamental research to evaluate common stocks determined to be undervalued. The firm concentrates on stocks that have low price-earnings multiples and are out of favor.

The equity manager has a passive fixed-income approach that uses the higest quality bonds with maturities of no more than five years.

As of Jan. 1, the asset mix was 61% stocks, 4% bonds and 35% cash.

Clients include Gulf Oil, Boeing, SCOA Industries and Guaranty National Insurance.

Michael S. Barish, president, is the chief investment officer; Theo Otis, vice president, is the client contact.

William G. Campbell & Co.

215 E. 49th St., New York, N.Y. 10017; (212) 421-3561

Total assets managed	$135,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$20,000,000
Minimum separate account	$500,000
Tax-exempt clients	10
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	2

William G. Campbell & Co. is an equity manager whose primary objective is to double clients' assets every five years by investing in companies with high growth characteristics. Long-term fundamentals govern the company's buy-sell decisions. The firm's fixed-income approach is passive.

As of Jan. 1, the asset mix was 70% stocks, 20% bonds and 10% cash.

John R. Suydam Jr. is chief investment officer; Karen P. Motley, assistant vice president, is client contact.

Campbell Advisors Inc.

342 Madison Ave., New York, N.Y. 10173; (212) 687-6960

Total assets managed	$800,000,000
Tax-exempt assets managed:	
Total	$722,000,000
Fully discretionary	$722,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	30
Types of accounts managed	CEF
No. of portfolio managers	4

Campbell Advisors employs a modified top-down approach in equity strategy, using fundamentals to identify attractive sectors (10 to 12 when fully invested) and emphasizing company selection within those sectors.

The equity manager relies on interest rate anticipation in its fixed-income approach.

As of Jan. 1, the asset mix was 80% stocks and 20% cash.

Clients include American Can, Kaiser Cement, First Boston and General Dynamics.

Douglas Campbell Jr., president, is the chief investment officer; Kenneth C. Swenson, vice president, is the client contact.

Campbell, Reed, Conner & Birdwell Inc.

10889 Wilshire Blvd., Los Angeles, Calif. 90024; (213) 208-5023

Total assets managed	$212,000,000
Tax-exempt assets managed:	
Total	$102,000,000
Fully discretionary	$80,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	23
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	1

Campbell, Reed, Conner & Birdwell Inc. uses sector rotation in its equity strategy. At different times, it has concentrated on growth, cyclical, large-capitalization and secondary stocks. Fundamentals and ratio analysis are stressed when buying; technical analysis is stressed when selling.

In its fixed-income approach, the company's bias has been on short-term investments. Its longest maturities have been seven years.

Its asset mix as of Jan. 1 was 60% stocks, 20% bonds and 20% cash.

Clients include Dataproducts Corp., Craig Corp., C.L. Peck Contractors, and Surety Co. of Pacific.

Neil F. Campbell, founder, is chief investment officer; Donn B. Conner, president, is client contact.

Capital Advisors Inc.

P.O. Box 5367, Lancaster, Pa. 17601; (717) 569-4655

Total assets managed	$188,000,000
Tax-exempt assets managed:	
Total	$188,000,000
Fully discretionary	$188,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	5
Types of accounts managed	CG
No. of portfolio managers	2

Capital Advisors Inc. specializes in short-term money management. It offers two basic products: the management of short-term portfolios and the management of securities lending programs. Its asset mix as of Jan. 1 was 67% bonds and 33% cash.

Clients include the Dallas Employees' Retirement Fund, Chicago Transit Authority, the Dallas Police and Firemen Pension Fund and Robert E. McKee Construction Co.

George A. Ominski, president, is chief investment officer. Frank L. Iaquinta Jr., managing director, is client contact.

Capital Consultants Inc.

2300 S.W. First Ave., Portland, Ore. 97201; (503) 241-1200

Rank	Bank	Master trust	Master custody	Total*
1.	Chase Manhattan	52,000	22,000	77,000
2.	Bankers Trust	58,280	3,800	62,080
3.	State Street Bank	42,200	9,900	52,100
4.	Northern Trust	40,123	3,993	44,016
5.	Citicorp	11,716	25,278	36,994
6.	Mellon Bank	28,000	529	28,529
7.	Boston Safe Deposit	18,200	3,900	22,100
8.	Bank of New York	12,500	8,500	21,000
9.	Harris Trust	18,900	NA	18,900
10.	U.S. Trust	9,100	5,900	15,000
11.	First Pennsylvania	1,108	11,091	12,199
12.	Wachovia Bank	12,000	NA	12,000
13.	RepublicBank	11,900	NA	11,900
14.	Irving Trust	3,400	8,100	11,500
15.	Bank of America	8,000	3,000	11,000
16.	Natl. Bank Detroit	4,851	5,995	10,846
17.	Fiduciary Trust	237	8,900	9,137
18.	Crocker National	8,250	NA	8,250
19.	AmeriTrust	2,800	300	3,100
20.	NCNB	2,600	150	2,750
21.	Mercantile Safe	1,422	1,244	2,666
22.	Wells Fargo	2,550	NA	2,550
23.	First Trust St. Paul	2,050	330	2,380
24.	Texas Commerce	1,200	928	2,128
25.	First Wisconsin	1,283	819	2,102
	TOTAL	$354,670	$124,657	$482,227

** Totals include cash.*

Total assets managed	$698,000,000
Tax-exempt assets managed:	
Total	$657,000,000
Fully discretionary	$657,000,000
Master custodian assets	$200,000,000
Real estate assets mgd	$115,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	57
Types of accounts managed	CFGJ
No. of portfolio managers	3
Size of research staff	2

Capital Consultants is principally a balanced and real estate manager. Its equity approach is sector rotation. It uses concentrated controlled investing, which it describes as an equity-biased philosophy, stressing dominant themes. These themes usually result in a representation in the portfolio of at least 25%. The firm uses interest rate anticipation in its fixed-income approach. Options are employed.

As of Jan. 1, the asset mix was 65% stocks, 25% bonds, 5% equity real estate and 5% mortgages.

Clients include the Utah State Retirement Fund, Precision Castparts, the Washington Education Association Staff Retirement Plan and Capital Trust Co.

L.W. Harris III, vice president and director of research, is the chief investment officer; Charles J. Swindells, executive vice president, is the client contact.

Capital Guardian Trust Co.

333 S. Hope St., Los Angeles, Calif. 90071; (213) 486-9200

Total assets managed	$10,098,000,000
Tax-exempt assets managed:	
Total	$10,098,000,000
Fully discretionary	$8,538,000,000
International assets managed	$476,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	81
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	40

Capital Guardian Trust is a balanced manager that uses the Graham & Dodd equity approach.

The investment approach is fundamental and is based on thorough, detailed research and analysis with emphasis on value. The fixed-income approach is based on interest rate anticipation. Strategic adjustments to portfolio maturities are based on perception of interest rate trends. These perceptions are based upon a global analysis of economic and political events.

As of Jan. 1, the asset mix was 86.8% stocks, 7.1% bonds and 6.1% cash.

Clients include Armco Inc., International Paper Co., Mobil Oil and Boeing Co.

R. Michael Shanahan, president, is the chief investment officer; John H. Seiter, vice president, is the client contact.

Capital Management Corp.

2201 Carew Tower, Cincinnati, Ohio 45202; (513) 621-7790

Total assets managed	$157,000,000
Tax-exempt assets managed:	
Total	$102,000,000
Fully discretionary	$17,000,000
Minimum separate account	$300,000
Tax-exempt clients	10
Types of accounts managed	CJ
No. of portfolio managers	2

Capital Management Corp. uses growth stocks for its equity approach and a passive investment strategy for fixed-income.

As of Jan. 1, its asset mix was 45% stocks, 30% bonds and 25% cash.

Walter A. Zebrak Jr., president, is chief investment officer. Richard T. Miller, vice president, is client contact.

Capital Supervisors Inc.

20 N. Clark St. Suite 700, Chicago, Ill. 60602; (312) 236-8271

Total assets managed	$3,330,000,000
Tax-exempt assets managed:	
Total	$3,271,000,000
Fully discretionary	$3,166,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	48
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	2

Capital Supervisors takes a top-down approach to equities, using market timing and seeking value-oriented stocks. The firm is a traditional bond strategist, but uses interest rate anticipation and arbitrage, depending on the timing of the market.

As of Jan. 1, the asset mix was 44% stocks, 47% bonds and 9% cash.

Clients include the Chicago Public School Teachers Pension & Retirement Fund, the Kentucky Retirement Systems, the Kansas Public Employees Retirement System and General Binding Corp.

A. Lee Thurow, president, is the chief investment officer; J.C. Seyfarth, vice president, is the client contact.

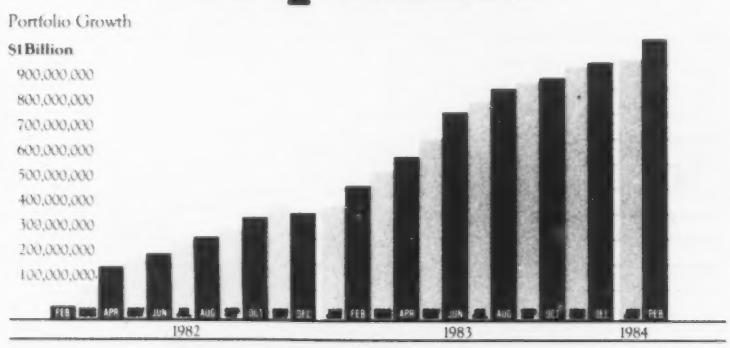
Capitoline Investment Services Inc.

Box 436 (919 E. Main St.), Richmond, Va. 23203; (804) 782-5694

Total assets managed	$2,870,000,000
Tax-exempt assets managed:	
Total	$1,050,000,000
Fully discretionary	$950,000,000
Minimum separate account	$2,000,000
Types of accounts managed	CEFGJ
Tax-exempt clients	165
No. of portfolio managers	14
Size of research staff	5

Capitoline Investment is principally a balanced manager. It defines its equity style as opportunistic in that it has the ability to change investment focus based on judgments of relative value. Capitoline's fixed-income approach is

$1 Billion Mason-McDuffie Mortgage Corporation



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During the first 24 months of operation, Mason-McDuffie produced a $1,000,000,000 servicing portfolio, **without** outside purchase.

We are now truly the standard by which others are measured.

Mason-McDuffie
Mortgage Corporation

Corporate Office: 3240 Stone Valley Road West, P.O. Box 378, Alamo, CA 94507 (415) 820-3332

based on interest rate anticipation. Limited use is made of options.

As of Jan. 1, the tax-exempt asset mix was 60% stocks, 30% bonds and 10% cash.

Clients include Mead Corp., Media General, Overnite Transportation and Sweet Briar College.

James F. Jollay, senior vice president, is the chief investment officer; R. Gregory Porter III, vice president, is the client contact.

Carret & Co. Inc.

200 Park Ave., New York, N.Y. 10166; (212) 697-9340

Total assets managed	$128,000,000
Tax-exempt assets managed:	
Total	$52,000,000
Fully discretionary	$49,000,000
Minimum separate account	$200,000
Tax-exempt clients	24
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	2

Carret & Co., an equity manager, aims to stay fully invested, primarily in low P/E, high book value stocks with a bias toward low capitalization over-the-counter situations. The average portfolio turnover is three to five years.

As of Jan. 1, the asset mix was 91% stocks and 9% cash.

Clients include Handy & Harman Pension Trust, Telautograph Corp. Plan & Trust, Caroe Marketing Profit Sharing Trust and Edwin Gould Foundation for Children.

Phillip L. Carret, president, is the chief investment officer; Donald Carret is the client contact.

Cashman, Farrell and Associates

1285 Drummers Lane, Wayne, Pa. 19087; (215) 688-5900

Total assets managed	$445,000,000
Tax-exempt assets managed:	
Total	$445,000,000
Fully discretionary	$445,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	10
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	2

Cashman, Farrell and Associates is a low-P/E, contrarian manager with an emphasis on out-of-favor stocks in the general marketplace.

If it enters the fixed-income area, it emphasizes only government bonds with three- to 10-year maturities and an A rating or better.

Clients include Rockwell International, GTE, Pacific Gas & Electric and Marriott.

Daniel V. Cashman, managing partner, is chief investment officer; Peter G. Wilds, partner, is client contact.

Catanzarite Investment Advisors

10358 Artesia Blvd., Bellflower, Calif. 90706; (213) 920-9771

Total assets managed	$7,000,000
Tax-exempt assets managed:	
Total	$6,000,000
Fully discretionary	$6,000,000
Minimum separate account	$50,000
Tax-exempt clients	32
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	1

Catanzarite Investment Advisors is primarily a balanced manager. Equities followed are assigned buy, sell or hold ratings and market timing is then applied to determine the best purchase or sale prices.

Corporate and government fixed-income securities are purchased while anticipating short-term interest rate savings. No maturities are held longer than five years.

The firm uses options.

As of Jan. 1, the asset mix was 50% stocks, 10% bonds and 40% cash.

Clients include Coeburn Hospital Clinic.

Bryant R. Manley, vice president, is the chief investment officer and client contact.

C.B. International Investments Ltd.

11 Old Broad ST., London, England EC2N 1BB; (01) 638-6000

Total assets managed	$156,000,000
Tax-exempt assets managed:	
Total	$81,000,000
Fully discretionary	$81,000,000
International assets managed	$79,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	8

C.B. International Investments Ltd. uses international market rotation embodying all types of investment instruments such as cash, bonds and stocks, with emphasis on asset allocation. It uses interest-rate anticipation for fixed income.

As of Jan. 1, the asset mix was 80% stocks and 20% cash.

Alan J. Albert, managing director, is chief investment officer and client contact.

Cedarpoint Capital Management Inc.

112 E. 64th St., New York, N.Y. 10021; (212) 750-6040

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$70,000,000
International assets managed	$2,000,000
Minimum separate account	$500,000
Tax-exempt clients	5
Types of accounts managed	EF
No. of portfolio managers	1
Size of research staff	2

Cedarpoint Capital Management is principally an equity manager that uses MPT and Graham & Dodd in its approach. The firm researches and selects equity investments, including mutual funds, whose values and returns are commensurate with their risks. It uses interest rate anticipation and sector analysis in its fixed-income approach.

As of Jan. 1, the asset mix was 60% stocks, 32% bonds and 8% cash.

Clients include Russell Sage Foundation, American Political Science Association, Social Science Research Council and the African American Institute.

Loren D. Ross, president, is chief investment officer and client contact.

Centerre Trust Co. of St. Louis

510 Locust St., St. Louis, Mo. 63101; (314) 231-9300

Total assets managed	$6,115,000,000
Tax-exempt assets managed:	
Total	$2,957,000,000
Fully discretionary	$2,040,000,000
Master trust assets	$876,000,000
Master custodian assets	$684,000,000
International assets managed	$37,000,000
Minimum separate account	0
Tax-exempt clients	285
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	8

Centerre Trust's basic valuation of equities is a qualitative system that incorporates investment research and analyst ratings. Centerre encourages an active portfolio management approach based on that valuation. It uses options.

The primary fixed-income strategy is interest rate anticipation, but its bias is to short-term securities. Tactics include credit, sector, market and new development analysis.

As of Jan. 1, the asset mix was 29% stocks, 60% bonds and 11% cash.

Clients include Union Electric, Olin Corp., General Dynamics and Squibb.

James D. Wright, senior equity investment officer, and Robert J. Franklin, senior fixed-income investment officer, are the chief investment officers. Rollie Woltjen, vice president and director-national pension marketing, is the client contact.

Rank	Company	Equity	Mortgages	Total*
1.	TIAA-CREF	851	6,900	7,751
2.	Prudential Insurance	5,463	132	5,595
3.	Aetna Life	1,303	2,398	3,701
4.	Bankers Life	90	3,241	3,331
5.	Equitable Life	2,213	835	3,048
6.	American Natl. (Chgo.)	NA	2,700	2,700
7.	FIA Associates	891	729	1,620
8.	Corp. Property Investors	1,200	400	1,600
9.	Morgan Guaranty	689	817	1,506
10.	Manufacturers Hanover	600	900	1,500
11.	Heitman Realty	1,500	NA	1,500
12.	Latimer & Buck	600	650	1,250
13.	Copley Realty	1,192	NA	1,192
14.	Union Mutual	12	903	915
15.	New England Mutual	743	144	887
16.	Victor Palmieri	150	600	750
17.	JMB Realty	733	NA	733
18.	Aldrich Eastman & Waltch	420	90	730
19.	Citibank	329	393	722
20.	LaSalle Advisors	700	NA	700
21.	Boston Co.	661	NA	661
22.	Coldwell Banker	640	NA	640
23.	Eastdil Realty	555	20	570
24.	Mellon Financial	330	220	550
25.	Schroder Real Estate	550	NA	550
	TOTAL	$22,415	$22,072	$44,702

* *Totals include cash*

Central National Bank of Cleveland

800 Superior Ave., Cleveland, Ohio 44114; (216) 344-5021

Total assets managed	$1,530,000,000
Tax-exempt assets managed:	
Total	$715,000,000
Fully discretionary	$644,000,000
Master trust assets	$443,000,000
Real estate assets managed	$21,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	490
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	5

The equity philosophy of Central National Bank of Cleveland is oriented toward seeking intrinsic value in investment-grade securities. The bank is flexible and recognizes that value can be found in many different types of stock. It believes value can be the result of consistent future-earnings growth, but value also can be uncovered by identifying undervalued assets.

In fixed-income management, primary emphasis is on determining a maturity or duration structure that reflects the bank's interest-rate outlook. This is then adjusted or customized to meet the varying needs of the different portfolio liability structures. Once the maturity structure is established, the bank pursues an active approach to enchance portfolio returns through swaps within or between sectors, emphasizing securities to both limit risk and maintain the marketability of securities.

As of Jan. 1, the asset mix was 43% stocks, 37% bonds, 17% cash, 2% equity real estate and 1% mortgages.

Clients include AT&T, the Ohio Carpenters, Ironworkers Local No. 17 and Mohawk Rubber Co.

Dennis J. Amato, vice president, is the chief investment officer; Kent Ludwig, vice president, is the client contact.

Century Capital Associates

767 Third Ave., New York, N.Y. 10301; (212) 909-5800

Total assets managed	$2,042,000,000
Tax-exempt assets managed:	
Total	$2,042,000,000
Fully discretionary	$2,042,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	62
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	2

Century Capital Associates' equity approach emphasizes market timing. Market leverage comes from changes in interest-rate trends, and projection of trends determines asset allocation. By reducing equity exposure in down markets the manager preserves capital to participate in up markets

Its fixed-income approach emphasizes interest rate anticipation.

As of Jan. 1, the asset mix was 80% stocks, 3% bonds and 17% cash.

Clients include Boeing Co., GTE, Lockheed Corp. and the District of Columbia Employees' Union Pension Fund.

James W. Harpel, senior partner, is chief investment officer. Joseph W. Griffin, partner, is client contact.

The Chapman Co.

Sixth Floor, Dows Building, Cedar Rapids, Iowa 52401; (319) 366-8408

Total assets managed	$29,000,000
Tax-exempt assets managed:	
Total	$18,000,000
Fully discretionary	$18,000,000
Minimum separate account	$300,000
Tax-exempt clients	36
Types of accounts managed	C
No. of portfolio managers	3

The Chapman Co., an equity manager, analyzes market and economic conditions to determine its equities/cash portfolio mix. Relative strengths focuses on specific groups and listed issues. It relies on Graham & Dodd, earnings growth, P/Es and sector rotation criteria for stock selection.

As of Jan. 1, the asset mix was 83% stocks and 17% cash.

John H. Chapman Jr., president, is the chief investment officer; Ann Frenzen, vice president, is the client contact.

Chase Investment Counsel Corp.

300 Preston Ave., Suite 403, Charlottesville, Va.; (804) 293-9104

Total assets managed	$270,000,000
Tax-exempt assets managed:	
Total	$217,000,000
Fully discretionary	$217,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	23
Types of accounts managed	CFGJ
No. of portfolio managers	4

Chase Investment Counsel, principally an equity and balanced manager, offers active management of equities with periodic adjustment of exposure based on the long-term market outlook. It prefers undervalued, low P/E stocks with good growth continuity and intermediate

Investment managers listed by location

ARIZONA

Phoenix: Valley National Bank of Arizona
Tucson: Kronwall Capital Management

ARKANSAS

Little Rock: Meridian Management Co.

CALIFORNIA

Bellflower: Catanzarite Investment Advisors
Beverly Hills: Daniel H. Renberg & Associates Inc., Pacific Financial Research
Claremont: Claremont Funds Management
Corte Madera: Hanson Investment Management Co.
Glendale: Van Deventer & Hoch
Huntington Beach: D.A. Management Consultants Inc.
Irvine: Analytic Investment Mangement Inc.
Lafayette: Andron Cechettini & Associates Inc.
Lake Forest: Winrich Capital Management
Los Angeles: Campbell, Reed, Conner & Birdwell Inc., Capital Guardian Trust Co., Chelsea Management Co., Coldwell Banker, Cramblit & Carney Inc., Crocker National Bank, The Financial Management Group, First Pacific Advisors Inc., First Wilshire Securities Management Inc., Froley, Revy Investment Co., Glendeven Management & Research, Hotchkis & Wiley, Leland O'Brien Rubinstein Associates Inc., NWQ Investment Management Co., Roley, Nichols & Co., Scudder Realty Advisors, Security Pacific Investment Managers Inc., Summit Management Co., TCW Realty Advisors, Transamerica Investment Services, Trust Co. of the West, Western Asset Management
Marina del Rey: Traweek Investment Co., Wells Fargo Realty Advisors
Menlo Park: Leylegian Investment Management
Newport Beach: Argus Investment Management Inc., Cutler & Co., Newport Investment Services, NorthWest Quadrant Inc., Pacific Investment Management Co., Pacific Mutual Life Insurance, Pacific Mutual Realty.
North Hollywood: Am Cal Co.
Oakland: Equitec Institutional Realty Advisors, Grubb & Ellis Co.
Palo Alto: Burgess Capital Corp.
Pasadena: PRIMECAP Management Co., Provident Investment Counsel Inc., Alan G. Seidner
Sacramento: F.I.A. Associates Inc.
San Diego: The Pacific Century Group
San Francisco: BA Investment Management Corp., Crocker Investment Management Corp., Dodge & Cox Inc., G.T. Capital Management Inc., Hambrecht & Quist Equity Management, Kinsley, Jennison, McNulty & Morse Inc., Kuehne, Rock & Mazour, Lateef Management Associates, McCullough, Andrews & Cappiello Inc., The RREEF Funds, Rosenberg Capital Management, Wells Fargo Investment Advisors, Wentworth Hauser & Violich
San Mateo: Bailard, Biehl & Kaiser Inc.
Santa Barbara: STW Fixed Income Management
Santa Monica: Wilshire Associates
Stockton: Tamarack Associates
Ventura: MH & Associates-Securities Management Corp., Wilson Foster & Co.

COLORADO

Colorado Springs: J.H. Ayres & Co. Inc., Ramsay & Ellsworth Inc.
Denver: Alphaquest Asset Management, Alpine Capital Management, Denver Investment Advisors, Great-West Life Assurance Co., R.M. Leary & Co. Inc., Nelson, Benson & Zellmer Inc., Stephenson & Co., United Capital Management
Englewood: Cambiar Investors Inc., Financial Trust Co.

CONNECTICUT

Bridgeport: Wright Investors' Service
Fairfield: E.M.G. Advisors Inc.
Greenwich: Gintel Equity Management
Hartford: Aetna Life & Casualty Co., CIGNA Corp., Connecticut Bank & Trust Co., Connecticut Mutual Life Insurance Co., Connecticut National Bank, Phoenix Mutual Life Insurance Co., The Travelers Insurance Co., Travelers Investment Management Co.
Stamford: Oxford Partners, Target Investors Inc.
Westport: T.J. Holt & Co. Inc., Management Asset Corp.
Windsor: Hartford Life Insurance Co.

DELAWARE

Wilmington: Delfi Management Inc., Wilmington Trust Co.

DISTRICT OF COLUMBIA

Washington: A.S.B Capital Management, Folger Nolan Flemming Douglas Inc., Victor Palmieri & Co., Potomac Asset Management, Riggs National Bank of Washington, Union Labor Life Insurance

FLORIDA

Fort Lauderdale: Maritime Asset Management
Fort Myers: Wm. A. Inskeep & Co.
Jacksonville: Professional Capital Management Inc.
Orlando: The Investment Counsel Co., Sun Bank
Palm Beach: The Lowry Management
St. Petersburg: Eagle Asset Management, Templeton Investment Counsel
Venice: Dale K. Ehrhart Inc.

GEORGIA

Atlanta: Allen & Associates Investment Management, C&S Investment Counseling, Davis, Weaver & Mendel Inc., First Equities Institutional Properties Inc., First National Bank of Atlanta, Forest Investments Inc., INVESCO Capital Management Inc., Leavy Investment Management Inc., Lesesne & Co. Inc., Montag & Caldwell Inc., Professional Asset Management Inc., The Reiser Co., Trust Company Bank, Wall, Patterson, McGrew & Hamilton Inc., Weaver & Mendel

ILLINOIS

Bloomington: IAA Trust Co.
Chicago: American National Bank and Trust Co. of Chicago Ill. The Chicago Corp., Continental Assurance Co., Continental Illinois National Bank and Trust Co. of Chicago, Duff and Phelps Investment Management Co., Fiduciary Management Associates, First Chicago Investment Advisors, Gofen and Glossberg Inc., The Griffin Group Inc., Hahn Holland & Grossman, Harris Trust & Savings Bank, Heitman Advisory Corp., The Illinois Co. Inc., Institutional Capital Corp., Institutional Portfolio Services Ltd., Investment and Capital Management Corp., JMB Institutional Realty, A.M. Kailing & Associates Ltd., Kanne, Paris & Hoban, Keeley Asset Management, Kemper Financial Services, LaSalle Advisors Inc., Lincoln Capital Management, Lotsoff Capital Management, Northern Trust Co., Penmark Investments Inc., Rothschild Securities Corp., Stein Roe & Farnham, Treynor-Arbit Associates
Elmhurst: R.W. Graybill Ltd.
Oak Brook: American Agricultural Investment Management, Noddings, Calamos & Associates Inc.
Park Ridge: Zavanelli Portfolio Research
Springfield: Springfield Marine Bank

INDIANA

Columbus: Kirr, Marbach & Co.
Fort Wayne: Lincoln National
Indianapolis: American Fletcher National Bank, Indiana National Bank, Merchants Investment Counseling Inc., Merchants National Bank & Trust, Unified Management Corp.
South Bend: First Source Corp.

IOWA

Cedar Rapids: The Chapman Co., Securities Counselors of Iowa Inc.
Des Moines: The Bankers Life

KANSAS

Leawood: Gregory L. Smith & Sons
Merriam: Reimer and Koger Associates Inc.
Overland Park: North American Capital Management
Wichita: Fourth National Bank & Trust

KENTUCKY

Louisville: Citizens Fidelity Bank & Trust Co., First Kentucky Co., Forum Investment Counselors, Liberty National Bank, Todd Investment Advisors

LOUISIANA

Baton Rouge: Louisiana National Bank
New Orleans: First National Bank of Commerce, Hibernia National Bank
Shreveport: The First National Bank of Shreveport

MAINE

Augusta: Depositors Trust Co.
Portland: Union Mutual Life Insurance

MARYLAND

Baltimore: Alex. Brown Partners, Chesapeake Capital Management Inc., Corbyn Associates Inc., Equitable Bank, First National Bank of Maryland, Investment Counselors of Maryland Inc., Johnson, Valliant and Broadfoot Inc., Legg Mason Capital Management, Mercantile-Safe Deposit & Trust Co., T. Rowe Price Associates, Redwood Capital Management Inc., The Rothschild Co.
Bethesda: Torray Clark & Co.
Gaithersburg: Schabacker Investment Management

MASSACHUSETTS

Boston: Aldrich, Eastman & Waltch, David L. Babson & Co. Inc., Bank of Boston, Bank of New England, Baring International Investment, Batterymarch Financial Management, The Boston Co. Inc., Colonial Advisory Services, Copley Real Estate Advisors, Eaton & Howard, Vance Sanders, Endowment Management & Research Corp., Fidelity International Investment Management, Fidelity Management Trust Co., Fort Hill Investors Management Corp., Frontier Capital Management, Gannett, Welsh, Ives & Kotler, Gardner and Preston Moss, Hagler, Mastrovita & Hewitt, John Hancock Mutual Life Insurance Co., Hellman, Jordan Management Co. Inc., Independence Investment Associates Inc., Loomis, Sayles & Co. Inc., Lovett, Ward & Bertelsen, Massachusetts Financial Services Co. Moseley Capital Management, New England Mutual Life Insurance Co., The Peckham Boston Co., Pioneering Management, Property Capital Advisors, The Putnam Advisory Co., Rampart Investment Management Co. Inc., Rollert & Sullivan Inc., Shawmut Banks, The Spangler Group Inc., Standish, Ayer & Wood Inc., State Street Bank & Trust Co., State Street Research & Management Co., Trinity Investment Management Corp., Trustee & Investors Co., United States Trust Co., Wellington Management Co./Thorndike, Doran, Paine & Lewis, Winchester Capital Management Co.
Hingham: Delta Financial Management
Springfield: Massachusetts Mutual Life Insurance Co.
Waltham: Granahan-Everitt Investments Inc.
Wellesley: Fiske Capital Management

MICHIGAN

Birmington: Investors Management Services Inc.
Bloomfield Hills: Michigan National Investment Corp.
Detroit: Comerica Bank-Detroit, Manufacturers National Bank of Detroit, National Bank of Detroit
Flint: Genesee Bank, Trust & Investment Management Division
Grand Rapids: Burnham & Co., Old Kent Bank & Trust Co.
Kalamazoo: First of America Bank Corp.
Southfield: Pension Portfolio Advisors

MINNESOTA

Minneapolis: First Asset Management, IDS Advisory Group, Investment Advisers, Jundt/Capen Associates Inc., Morison Asset Management, Norwest Bank Minneapolis, NWNL Investment Services, Resource Bank & Trust , Sit Investment Associates, St. Paul Advisers
St. Paul: American National Bank, First Trust Co. of St. Paul, MIMLIC Asset Management, Mutual Service Life Insurance Co.

MISSOURI

St. Louis: Boatmen's Trust Division, Centerre Trust Co. of St. Louis, County Bank of St. Louis, General American Life Insurance Co., Kennedy Capital Management Inc., Mercantile Trust Co.
Kansas City: Commerce Bank of Kansas City, Financial Counselors Inc., First National Bank of Kansas City, United Missouri Investment Counsel Service, Waddell & Reed Asset Management Co.

NEBRASKA

Lincoln: National Bank of Commerce
Omaha: Kirkpatrick, Pettis, Smith, Polian Inc., United of Omaha Life Insurance

NEVADA

Las Vegas: First Interstate Investment Advisers

market capitalization.

For fixed-income, the firm has a short- to intermediate-term orientation, typically concentrating on readily marketable, high-quality bonds with short maturities. It uses interest rate anticipation.

The firm also uses options.

As of Jan. 1, the asset mix was 66% stocks, 11% bonds and 23% cash.

Clients include Best Products Co.; Easco Corp.; Masters, Mates & Pilots; and Occidental Petroleum.

Charles G. King, senior vice president, is the chief investment officer; Derwood S. Chase Jr., president, is the client contact.

Chase Investors Management Corp.

1211 Avenue of the Americas, New York, N.Y. 10036; (212) 730-2967

Total assets managed	$15,000,000,000
Tax-exempt assets managed:	
Total	$11,000,000,000
Fully discretionary	$11,000,000,000
Master trust assets	$52,000,000,000
Master custodian assets	$22,000,000,000
Real estate assets managed	$1,050,000,000
International assets managed	$409,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	205
Types of accounts managed	CEFGJ
No. of portfolio managers	30
Size of research staff	4

Chase Investors Management seeks to identify stock opportunities through fundamental analysis and anticipation of change. It offers active management in fixed income supplemented by lower investment grade management and quantitatively based management techniques.

The firm uses options, stock index futures and fixed-income futures.

The master trust and master custodial assets are handled by Chase Manhattan Bank.

As of Jan. 1, the asset mix was 60% stocks, 27% bonds, 8% cash and 5% equity real estate.

Clients include AT&T, Caterpillar, General Foods and General Motors.

Stephen E. Canter, president, is the chief investment officer; Michael E. Fisher, senior vice president, is the client contact.

Chelsea Management Co.

523 W. Sixth St., Suite 440, Los Angeles, Calif. 90014; (213) 680-2690

Total assets managed	$410,000,000
Tax-exempt assets managed:	
Total	$290,000
Fully discretionary	0
Minimum separate account	$500,000
Types of accounts managed	CEFJ
No. of portfolio managers	6
Size of research staff	2

Chelsea Management, a balanced manager, analyzes and determines the buying and selling ranges on a broad list of stocks and, depending on monetary background, adjusts reserve ratios. Interest rate anticipation characterizes its fixed-income approach.

The firm uses options.

As of Jan. 1, the asset mix was 20% stocks, 70% bonds and 10% cash.

Clients include Motion Pictures Industry Fund, Century National Insurance and Powerine Oil.

Frederick J. Ruopp is the chief investment officer; Thomas A. Techentin is the client contact.

Chesapeake Capital Management Inc.

36 S. Charles St., Baltimore, Md. 21201; (301) 837-6767

Total assets managed	$230,000,000
Tax-exempt assets managed:	
Total	$226,000,000
Fully discretionary	$226,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	8
Types of accounts managed	CEF
No. of portfolio managers	3

Chesapeake Capital Management, an equity manager, shifts its emphasis and makes significant commitments among industry groups. It selects individual stock issues on the basis of high relative returns on equity and low relative price-to-book ratios.

As of Jan. 1, the asset mix was 94% stocks, 2% bonds and 4% cash.

Clients include Allied Corp., Maryland Institute, National Rural Electric Cooperative and J.C. Penney Foundation.

Michael Kourday, president, is the chief investment officer; William C. Foster, vice president, is the client contact.

The Chicago Corp.

208 S. LaSalle St., Chicago, Ill. 60604; (312) 855-5985

Total assets managed	$250,000,000
Tax-exempt assets managed:	
Total	$220,000,000
Fully discretionary	$220,000,000
Minimum separate account	$250,000
Tax-exempt clients	46
Types of accounts managed	CEFJ
No. of portfolio managers	4
Size of research staff	4

Chicago Corp. chooses stocks with sustained stable earnings growth over an economic cycle that have improving earnings and good prospective earnings. Its equity commitments vary between 40% and 100%.

The fixed-income model monitors the direction of bond yields. Bonds are sold when rates are rising and bought when rates are falling. Fixed-income commitments vary between 0 and 100%.

As of Jan. 1, the asset mix was 61% stocks, 20% bonds and 19% cash.

Clients include American Petroleum Institute, Gerber Products, Ohio State Endowment and A.E. Stanley Manufacturing.

Jon T. Ender, senior vice president, is the chief investment officer; Charles R. Klimkowski, vice president, is the client contact.

CIGNA Corp.

950 Cottage Grove Road, Hartford, Conn. 06152; (203) 726-7000

Total assets managed	$31,600,000,000
Tax-exempt assets managed:	
Total	$14,372,000,000
Fully discretionary	$14,054,000,000
Real estate assets mgd	$324,000,000
International assets managed	$128,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	7,411
Types of accounts managed	CEFGJ
No. of portfolio managers	15
Size of research staff	22

CIGNA's equity philosophy is based on fundamental company and economic analysis and the identification of companies with superior earnings growth. Companies are leaders in their industries having high-quality management and products, strong internal finances and above-average return on equity.

The firm's fixed-income management style is defined as a cyclical interest rate anticipator. Investments are limited to U.S. government agency and corporate obligations. Minimum credits used are BAA and higher. CIGNA prefers issue sizes of at least 75 million.

The company uses options.

As of Jan. 1, the asset mix was 36% stocks, 42% bonds, 19% cash and 3% equity real estate.

Clients include UTC, Du Pont, state of Connecticut and United Air Lines.

John K. Armstrong, executive vice president, is the chief investment officer; Arnold P. Boecklin, vice president-sales, is the client contact.

CIMG Inc.

10218 N. Port Washington Road, Mequon, Wis. 53092; (414) 241-4575

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	0
Minimum separate account	$3,000,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	3

For equities, CIMG concentrates on issues with greater-than-market sales and earnings expansion. This concentration results in different sector emphasis each business cycle. Periods of unfavorable risk assessment can result in significant cash generation.

The firm primarily uses interest rate anticipation for fixed-income. However, where appropriate, the firm offers floating rate, mortgage and GIC combinations for attractive income returns with minimal principal volatility.

As of Jan. 1, the asset mix was 30% stocks, 34% bonds, 30% cash and 6% mortgages. Clients include First Bank Milwaukee and The Citizens Trust Co., Sheboygan.

Louis T. Chambers, president, is the chief investment officer; Lyle F. Warnock, executive vice president, is the client contact.

Citicorp Investment Management

1 Citicorp Center, 153 E. 53rd St., New York, N.Y. 10043; (212) 559-9700

Total assets managed	$22,894,000,000
Tax-exempt assets managed:	
Total	$18,418,000,000
Fully discretionary	$11,467,000,000
Master trust assets	$11,716,000,000
Master custodian assets	$25,278,000,000
Real estate assets mgd	$722,000,000
International assets managed	$480,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	410
Types of accounts managed	CEFGJ
No. of portfolio managers	33
Size of research staff	31

HUTTON
CAPITAL MANAGEMENT
Discipline Value Results

HCM

17 Battery Place New York, New York 10004 (212) 742-6557

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Investment managers listed by location

NEW JERSEY

Chatham: Ivory & Sime International
Edison: Midlantic National Bank
Englewood Cliffs: Lexington Management
Fort Lee: Pilgrim Management Corp.
Hackensack: Townsend Asset Management Co., United Jersey Bank
Island Heights: James Punderson & Co.
Jersey City: W.H. Reaves & Co.
Morganville: Oakwood Counselors Inc.
Morristown: Horizon Trust Co.
Newark: Fidelity Union Bank, First National State Bank, Mutual Benefit Life, Prudential Insurance Co.
Paramus: Trident Investment Management Inc.
Princeton: Primm & Roebling Inc.
Ridgewood: Degnan & Gillespie Fixed Income Management Inc.
Teaneck: Trascott, Alyson, Craig Inc.
Vineland: Cumberland Advisors
Westfield: Lipper Analytical Services

NEW YORK

Albany: Key Trust Co.
Briarcliff Manor: Van Eck Management Corp.
Buffalo: Courier Capital Corp., Robshaw & Cheskin Associates Inc.
Garden City: William J. Kautz Associates
Hamilton: Schupf, Woltman & Co. Inc.
New York: ABD International Management Corp., Alliance Capital Management, American Capital Management Inc., Amev Asset Management, Amivest Corp., Argus Investors' Counsel Inc., Atalanta Capital Corp., Atalanta/Sosnoff Capital, Avatar Associates, Julius Baer Investment Management Inc., Balch, Hardy & Scheinman, The Bank of New York, Bankers Trust-Investment Management Group, Bayrock Advisors, BEA Associates Inc., Beacon Capital Management, Sanford C. Bernstein & Co., Bernstein-Macaulay Inc., BMI Capital Corp., Bostian Research Associates Inc., Stacey Braun Associates Inc., John W. Bristol & Co. Inc., Brokaw Capital Management, Brown Brothers Harriman, Brundage, Story & Rose, Campbell Advisors Inc., William G. Campbell & Co., Carret & Co. Inc., Cedarpoint Capital Management Inc., Century Capital Associates, Citicorp Investment Management, Cole, Yeager & Wood Inc., Corporate Property Investors, Daiwa International Capital Management Corp., Delafield Asset Management, Dillon, Read Capital Inc., Discount Corp. of New York Advisers, Dreyfus Management Inc., Eastdil Advisers Inc., Eberstadt Asset Management Inc., Richard Ellis Inc., Favia Hill & Associates, Fiduciary Counsel Inc., Fiduciary Trust Co. of New York, First Investors Asset Management Co. Inc., First Manhattan Co., Fischer, Francis, Trees & Watts Inc., Forstmann-Leff Associates Inc., GAMCO Investors Inc., Garrison, Keogh & Co., General American Investors Co. Inc., GeoCapital Investment Management, Glickenhaus & Co., Grace Capital Inc., Granite State Corp., Gray, Seifert & Co. Inc., David J. Greene and Co., Hodges Capital Management Inc., Holborn International, Hutton Capital Management, Irving Trust Co., Jennison Associates Capital Corp., Jones Lang Wootton Realty Advisors, Kahn Brothers & Co. Inc., Kleinwort Benson International Investment, Ladenburg, Thalmann Investment Management, Landauer Advisors Inc., C.J. Lawrence Management, Lazard Freres Asset Management, Lehman Management Co., Liberty Capital Management, Lord, Abbett & Co., Lynch & Mayer Inc., MacKay-Shields Financial, Manufacturers Hanover Investment Corp., Marine Midland Bank, McCowan Associates Inc., Mellon Financial Services Real Estate Investment Management Group, E.A.Merkle & Associates, Merrill Lynch Asset Management Inc., Metropolitan Life Insurance, Mitchell Hutchins, MONY, Morgan Guaranty Trust Co., Morgan Stanley Asset Management Inc., MPT Associates, Muller Asset Management, Mutual of America Life Insurance Co., Neuberger & Berman, New Japan Capital Management Inc., New York Life Insurance Co., Nikko International Capital Management Co., Nomura Capital Management, NSR Asset Management, Oppenheimer Capital Corp., Parmelee Management Corp., Alan Patricof Associates Inc., Reich & Tang Inc., Republic National Bank of New York, Research Associates Management Corp., L.F. Rothschild Asset Management, Rothschild Asset Management Inc., M.D. Sass Investors Services, SBC Portfolio Management International Inc., Schafer Capital Management, Schroder Capital Management, Schroder Real Estate Corp., Scudder, Stevens & Clark, Shearson/American Express Asset Management Inc., Sherman, Dean & Co., Smilen & Safian Inc., Smith Affiliated Capital Corp., Harris Upham, Stamford Advisors, Somerset Capital Management, Stonehenge Asset Management, Stuyvesant Capital Management Corp., Sullivan, Morrissey & Mickle Capital Management Corp., Tallasi Management Co. Inc., TIAA-CREF, Trevor Stewart Burton & Jacobsen Inc., United States Trust Co. of New York, Unity Management Inc., Value Line Asset Management, Van Cleef, Jordan & Wood, Verus Capital, Ward & Wissner Capital Management Inc., Wertheim-Philippe International, Dean Witter Reynolds Inc. InterCapital Division, William D. Witter Inc., Wood, Struthers & Winthrop Management Corp., Yamaichi Capital
Rochester: Fielding Management Co. Howe and Rusling Inc., Lincoln First Bank, QC-Investor Services Inc., Security Trust Co.
Syracuse: J.W. Burns & Co. Inc.
Tarrytown: E.W. Axe & Co. Inc.
White Plains: Shields Asset Management

NORTH CAROLINA

Charlotte: First Union National Bank, Interstate Asset Management Inc., NCNB National Bank, Sterling Capital Management
Greensboro: McMillion/Eubanks Capital Management Inc.
Winston-Salem: Wachovia Bank & Trust Co.

OHIO

Akron: Summit Capital Management
Canton: Beese, Fulmer Associates
Cincinnati: Bartlett & Co., Capital Management Corp., C-S Capital Advisors, The Fifth Third Bank, First National Bank of Cincinnati, Gateway Investment Advisers Inc., Gradison & Co. Inc., Johnson Investment Counsel, Renaissance Investment Management Inc., The Union Central Life Insurance Co.
Cleveland: AmeriTrust Co., Central National Bank of Cleveland, HIMCO, National City Bank, Society National Bank, Western Reserve Capital Management
Columbus: Bank One Trust Co. R. Meeder & Associates Inc.
Dayton: Mead Money Management, Parker Dillon Carlson & Johnson, Winters National Bank
Shaker Heights: Multinational Investments
Toledo: First National Bank of Toledo, Seagate Capital Management
Warren: Second National Bank of Warren

OKLAHOMA

Oklahoma City: First Investment Management, Tom Johnson Investment Management Inc.
Tulsa: Bank of Oklahoma, The First National Bank & Trust Co. of Tulsa Rubottom, Dudash & Associates Inc.

OREGON

Eugene: Thomas D. Kienlen Corp.
Portland: Capital Consultants Inc., Columbia Management Co., First Interstate Bank of Oregon, Trust Financial Services Group, FJW Financial Management, Morley Capital Management, Oregon Bank, Thompson/Rubinstein Investment

PENNSYLVANIA

Bala Cynwyd: Miller, Anderson & Sherrerd
Bradford Woods: Muhlenkamp & Co. Inc.
Blue Bell: Stratton Management Co.
Jenkintown: DJ Investment Advisors Inc.
Lancaster: Capital Advisors Inc.
Philadelphia: Addison Capital Management, CM&M Management Co. Inc., Continental Bank, Dearden, Maguire & Weaver, Delaware Investment Advisers, Drexel Burnham Lambert Investment Advisors, Fidelity Bank, First Pennsylvania Bank Trust & Investment Group, Geewax, Terker & Co., Girard Bank, Jamison, Munsch & Smith, Latimer & Buck, Minton/Newbold's Capital Management, Newbold's Asset Mangement, The Penn Mutual Life Insurance Co., Philadelphia National Bank, Pilgrim Baxter Hoyt & Greig, Provident Capital Management Inc., Provident Mutual Co., Edward C. Rorer & Co., Wolf, Webb, Burk & Campbell Inc.
Pittsburgh: Equibank, Trust Department, Federated Investment Counseling Inc., C.S. McKee & Co. Inc., Mellon Bank, Pittsburgh National Bank
Reading: Connors Investor Services
Valley Forge: The Vanguard Group
Yardley: Evans & Moxon Capital Management Inc.

RHODE ISLAND

Providence: Fleet National Bank, HT Investors Inc., The Providence Group of Investment Advisory Co.

TENNESSEE

Nashville: The Fixed Income Group, JCB Asset Management, Third National Corp.

Memphis: First Tennessee Investment Management Inc., Southeastern Asset Management Inc., Union Planters National Bank

TEXAS

Austin: MPACT Securities
Cedar Springs: Lehndorff & Babson Real Estate Counsel Inc.
Dallas: Barrow, Hanley, Mewhinney & Strauss Inc., InterFirst Investment Management, Julian A. Lerner & Associates, John McStay Investment Counsel, Mercantile Realty Services, Mercantile Securities Corp., RepublicBank Trust/Dallas, Southland Trust Co.
Fort Worth: Texas American Bank-Fort Worth
Houston: American Capital Advisors, Beutel Goodman Capital Management, Criterion Investment Management Co., Eagle Management & Trust, First City National Bank, Houston, Gulf Investment Management Inc., Hoisington Investment Management Co., Investment Advisors Inc., Jenswold, King & Associates, Pension Management Co., Fayez Sarofim & Co., Tenneco Asset Management, Texas Commerce Bank, Vaughan, Nelson, Scarborough & McConnell
Irving: Gerald L. Ray & Associates
Wichita Falls: Herbert R. Smith

VERMONT

Burlington: Fraser Management Associates
Montpelier: National Life of Vermont-National Pension Properties

VIRGINIA

Charlottesville: Chase Investment Counsel Corp.
Richmond: Bank of Virginia Trust Co., Capitoline Investment Services Inc., Continental Investment Advisors, Scott & Stringfellow Investment Advisory Service, Sovran Bank, Thompson, Siegel & Walmsley Inc.
Roanoke: Walter M. Dixon Jr. Inc.
Virginia Beach: Delta Financial Inc.

WASHINGTON

Kirkland: Suhrco Real Estate Advisors
Seattle: Composite Research & Management Co., Kennedy Associates Inc., Olympic Capital Management Inc., Pringle, Flinn, Elvins & Donahoe Inc., Rainier National Bank, SAFECO Asset Management, Seafirst Bank, Seattle Trust & Savings Bank, Sirach Inc.
Spokane: Old National Bank, Wakley & Roberton
Tacoma: Portfolio Timing Inc., Frank Russell Investment Management Co., Frank Russell Trust Co.

WISCONSIN

Madison: First Wisconsin National Bank-Madison, Madison Investment Advisors Inc., Northern Capital Management Inc.
Meguon: CIMG Inc.
Milwaukee: First Wisconsin Trust Co., Heritage Investment Advisors Inc., Loewi Asset Management, M&I Investment Management, National Investment Services of America Inc., Nicholas Co. Inc., Ronald Sadoff Associates, Strong/Corneliuson Capital Management Inc.
Oshkosh: First Wisconsin National Bank of Oshkosh
Sheboygan: The Citizens Trust Co.
Wausau: Wisconsin Valley Trust Co.

ENGLAND

London: Lombard Odier International Portfolio Management Ltd., Mellon-Pictet International Management Ltd., Warburg Investment Management International Ltd.

SCOTLAND

Edinburgh: Martin Currie Inc./Martin Currie

Other charts this issue include: Statistics at a glance on page 30; Top 25 insurance companies, 25 Largest banks and trust companies, and Top 25 investment couselors, all listed on page 36; Top 25 master trust banks listed on page 38.

Citicorp Investment Management's equity strategy is based on growth stock. The firm focuses on early identification of the changes that drive investment trends; active management of asset, sector and industry allocation and stock decisions; and emphasis on earnings and dividend momentum.

In fixed income, interest rate judgments are the basis for active maturity decisions; incremental return is added by evaluation of price differentials between sectors and individual securities. The approach is achieved through a broad spectrum of specialized market disciplines defined by maturity ranges, quality ratings and specialized security types such as convertibles and high yielding emerging industrial growth company debt.

Of the total assets under management, a separate subsidiary dedicated to regional management in the South and Southwest, Citicorp Investment Management Inc., manages $1,047 million, of which $711 million is tax-exempt. The client contact for the subsidiary is Robert C. Davis, president, in Houston at (713) 654-2980.

As of Jan. 1, the asset mix for the parent was 48% stock, 40% bonds, 5% cash, 3% international, 2% mortgages and 2% equity real estate. Citicorp makes limited use of options and stock index futures.

Clients include Caterpillar Tractor, General Dynamics, Goodyear Tire & Rubber and IBM.

Peter H. Vermilye, senior vice president, is chief investment officer; David W. Jennings, vice president and director of marketing, is the client contact.

Citizens Fidelity Bank & Trust Co.

Citizens Plaza, Louisville, Ky. 40296; (502) 581-2230

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$250,000,000
Fully discretionary	$225,000,000
Real estate assets mgd	$1,000,900
Minimum separate account	0
Tax-exempt clients	230
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	5

Citizens Fidelity Bank & Trust is a balanced manager. In its stock approach, the bank uses larger-capitalized companies that meet various fundamental criteria to over- and under weight sectors based on interest rate and economic forecasts.

For fixed-income investments, it uses rate anticipation with active management within sectors.

The bank uses options.

As of Jan. 1, the asset mix was 50% stocks, 40% bonds and 10% cash.

Clients include Louisville Gas & Electric, Courier-Journal and Louisville Times Co., Hillerich & Bradsby and Glenmore Distilleries.

Tom Pardue, vice president, is the chief investment officer; James P. Johannsen, vice president, is the client contact.

The Citizens Trust Co.

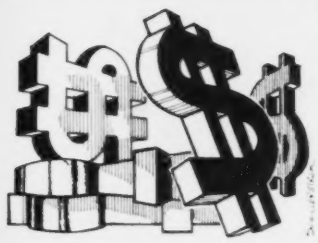
636 Wisconsin Ave., Sheboygan, Wis. 53081; (414) 459-2070

Total assets managed	$235,000,000
Tax-exempt assets managed:	
Total	$70,000,000
Fully discretionary	$70,000,000
Real estate assets mgd	$17,000,000
Minimum separate account	0
Tax-exempt clients	200
Types of accounts managed	CEF
No. of portfolio managers	5

In its stock approach, Citizens Trust places emphasis on identifying leadership stocks with accelerating earnings patterns and above-average appreciation potential. Its active management strategy allows flexibility to invest in equities only in favorable periods of market cycles.

For conservative fixed-income accounts, the firm uses short-maturity fixed- and floating-rate investments in combination with GICs to achieve competitive income and minimal principal volatility. Long-term bonds are also among appropriate strategies for selected accounts.

As of Jan. 1, the asset mix was 30%



stocks, 18% bonds, 5% cash, 2% equity real estate, 25% mortgages and 20% GICs.

Clients include Donahue & Associates, Schultz Sav-O Stores, Bemis Manufacturing and Superior Die Set.

Julian Olney, vice president-trust investments, is the chief investment officer; David M. Kemp, senior vice president, is the client contact.

Claremont Funds Management

415 W. Foothill Blvd., Claremont, Calif. 91711; (714) 625-1441

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	0
Tax-exempt clients	4
Types of accounts managed	CEF
No. of portfolio managers	1
Size of research staff	3

Claremont Funds Management is an assets allocation advisory service.

It defines its asset mix by linking allocation decisions with political intelligence, economic forecasts compatible with client goals and fund requirements to improve portfolio returns.

For fixed income, the firm increases management control over pension fund risk structure by evaluating alternative risk-management strategies provided through a management reporting system and personal consultation.

As of Jan. 1, the tax-exempt asset mix was 20% stocks, 70% bonds and 10% cash.

Jeffrey Speakes, president, is the chief investment officer; Richard R. Smith, vice president, is the client contact.

CM&M Management Co. Inc.

1613 Spruce St., Philadelphia, Pa. 19103; (215) 546-8210

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$135,000,000
Fully discretionary	$135,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	8
Types of accounts managed	CG
No. of portfolio managers	2
Size of research staff	3

CM&M Asset Management is a fixed-income manager whose risk averse investment strategy focuses on total return, i.e., yield plus capital gains. The CM&M Econometric Forecast is the basis for formulating investment decisions.

As of Jan. 1, the asset mix was 10% bonds and 90% cash.

Clients include The Board of Pensions of the Presbyterian Church (U.S.A.), AMAX, United Mine Workers of America Health & Retirement Funds and Kerr-McGee Corp.

Lacy H. Hunt, president, is chief investment and economics officer; Richard Allison, senior vice president, is the client contact.

Coldwell Banker

533 Fremont Ave., Los Angeles, Calif. 90071; (213) 613-3123

Total assets managed	$640,000,000
Tax-exempt assets managed:	
Total	$640,000,000
Fully discretionary	$640,000,000
Real estate assets mgd	$640,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	43
Types of accounts managed	CEFGJ
No. of portfolio managers	0
Size of research staff	0

Coldwell Banker is a real estate manager with $640 million in real estate equity. As of Jan. 1, the asset mix was 16% cash, 80% equity real estate and 4% miscellaneous.

Clients include AT&T, ITT and the city of San Francisco.

William C. Harp, vice president and director of investments, is chief investment officer; James G. Nugent, senior vice president, is client contact.

Cole, Yeager & Wood Inc.

630 Fifth Ave., New York, N.Y. 10111; (212) 765-5350

Total assets managed	$1,000,000,000
Tax-exempt assets managed:	
Total	$800,000,000
Fully discretionary	$800,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	20
Types of accounts managed	CEF
No. of portfolio managers	5

Cole, Yeager & Wood Inc., an equity-only manager, invests in stocks of both large and small companies that have achieved dominant positions in growth markets.

Its asset mix as of Jan. 1 was 95% stocks and 5% cash.

Clients include American Can Co., Cincinnati Bell, Corning Glass Works, and IBM Corp.

B. Robert Wood, executive vice president, is chief investment officer. George M. Yeager, president, is client contact.

Colonial Advisory Services

75 Federal St., Boston, Mass. 02110; (617) 426-3750

Total assets managed	$358,000,000
Tax-exempt assets managed:	
Total	$256,000,000
Fully discretionary	$256,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	10
Types of accounts managed	CEFG
No. of portfolio managers	13
Size of research staff	4

Colonial Advisory Services Inc.'s equity and fixed-income management approaches are value oriented and fundamentally based. Derivative securities are used extensively in the management of risk/return parameters to meet investment objectives.

The firm's equity approach is best described as low P/E, sector rotation, Graham & Dodd and quantitative. For fixed income the firm uses interest rate anticipation and sector analysis.

Clients include H.P. Hood Inc., United Systems, and Southern California Rapid Transit District.

Its asset mix as of Jan. 1 was 52% stocks, 40% bonds and 8% cash.

William Hennig is chief investment officer. John O. Myers, vice president, is client contact.

Columbia Management Co.

1300 S.W. Sixth Ave., P.O. Box 1350, Portland, Ore. 97207; (503) 222-3600

Total assets managed	$2,644,000,000
Tax-exempt assets managed:	
Total	$2,043,000,000
Fully discretionary	$2,043,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	55
Types of accounts managed	CEFGJ
No. of portfolio managers	8

Columbia Management uses a top-down equity approach. Its basic goal is to identify value by projected cyclical and secular changes in the investment environment.

Its basic goals for fixed-income investments are preservation of capital and a high level of return achieved through active management. Portfolios are structured in anticipation of economic and market changes. The firm now makes extensive use of government pass-throughs.

As of Jan. 1, the asset mix was 66% stocks, 25% bonds and 9% cash.

James R. Rippey, president, is the chief investment officer; John A. Kemp, vice president, is the client contact.

Comerica Bank-Detroit

211 W. Fort Street, Detroit, Mich. 48232; (313) 222-5056

Total assets managed	$5,975,000,000
Tax-exempt assets managed:	
Total	$1,700,000,000
Fully discretionary	$1,300,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	850
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	9

Comerica Bank-Detroit emphasizes growth and emerging growth stocks in its equity approach. It looks for consistent above average growth emphasizing high profitability and strong financial strength; attention is paid to

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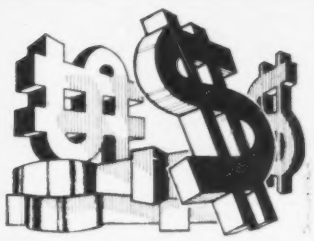
Profiles



the relative valuation. For fixed income it uses interest rate anticipation and sector analysis.

Its asset mix as of Jan. 1 was 20% stocks, 70% bonds and 10% cash.

The firm offers options programs.

Clients include the City of Detroit, Ross Roy Inc., Burroughs Corp. and Detroit Edison Co.

Manown Kisor Jr., executive vice president, is chief investment officer; Robert J. Kay, employee benefit trust officer, is client contact.

Commerce Bank of Kansas City

P.O. Box 248, Kansas City, Mo. 64141; (816) 234-2000

Total assets managed	$782,000,000
Tax-exempt assets managed:	
Total	$304,000,000
Fully discretionary	$304,000,000
Master trust assets	$103,000,000
Real estate assets managed	$2,000,000
Minimum separate account	$500,000
Tax-exempt clients	199
Types of accounts managed	CEFJ
No. of portfolio managers	7
Size of research staff	5

Commerce Bank of Kansas City is a balanced manager. Based on the market outlook, it moves funds to attractive equity sectors and away from unattractive ones.

For fixed income, it uses interest rate anticipation and also moves funds to attractive sectors based on spread analysis.

As of Jan. 1, the asset mix was 45% stocks, 45% bonds and 10% cash.

George H. Wood, senior vice president and investment department manager, is the chief investment officer; Joseph A. Burkhart II, senior vice president and corporate services trust department manager, is the client contact.

Composite Research & Management Co.

1109 Second Ave., Seattle, Wash. 98101; (206) 464-8110

Total assets managed	$385,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	6

The equity philosophy of Composite Research & Management embraces fundamentally undervalued securities. It emphasizes companies that are out of favor with Wall Street and that have high book and underlying asset values, good dividends, low P/Es and strong balance sheets.

The firm actively manages fixed-income portfolios by adjusting maturities to fit the market cycle.

As of Jan. 1, the asset mix was 55% stocks, 31% bonds and 14% cash.

Kerry Killinger, executive vice president, is the chief investment officer; Craig Hobbs, vice president, is the client contact.

Connecticut Bank & Trust Co.

1 Constitutional Plaza, Hartford, Conn. 06115; (203) 244-5030

Total assets managed	$3,721,000,000
Tax-exempt assets managed:	
Total	$1,753,000,000
Fully discretionary	$1,592,000,000
Master trust assets	$159,000,000
Master custodian assets	$28,000,000
Real estate assets mgd	$41,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	375
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	9

Connecticut Bank & Trust's strength in its equity approach is its selection of smaller-capitalization, strong unit growth and unique market companies. Value-oriented security selection is complemented by market timing and sector rotation techniques.

Its primary fixed-income approach is yield curve analysis, oriented to maturity selection. Sector, quality and coupon swaps also are used to achieve customer goals of stability, income and total return.

The firm uses options.

As of Jan. 1, the asset mix was 59% stocks, 30% bonds, 8.5% cash, 1% equity real estate and 1.5% mortgages.

Clients include Allis Chalmers, the state of Connecticut, the city of Hartford, Conn., and R.J. Reynolds.

Neil Kelleher, senior vice president, is the chief investment officer; Steven M. O'Connell, vice president-institutional sales, is the client contact.

Connecticut Mutual Life Insurance Co.

140 Garden St., Hartford, Conn. 06154; (203) 727-6500

Total assets managed	$6,754,000,000
Tax-exempt assets managed:	
Total	$1,000,000,000
Fully discretionary	$1,000,000,000
Real estate assets managed	$30,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	3,000
Types of accounts managed	CG
No. of portfolio managers	3
Size of research staff	4

Connecticut Mutual Life uses a rotational equity portfolio strategy that carefully reads market conditions. It attains specific industry and sector positions through economic analysis and a fundamental analysis of individual stocks.

For fixed income, it carefully examines interest rate anticipation while performing sector analysis and analysis of individual issues.

As of Jan. 1, the asset mix was 9% stocks, 3% bonds, 3% cash, 6% equity real estate and 79% GICs.

Clients include Inland Steel, Heublein, Ford Motor Co. and Anheuser Busch.

Robert E. Stevens, executive vice president, is the chief investment officer; Norman Hausmann, associate vice president-pension division, is the client contact.

Connecticut National Bank

777 Main St., Hartford, Conn. 06115; (203) 728-4271

Total assets managed	$3,949,000,000
Tax-exempt assets managed:	
Total	$2,590,000,000
Fully discretionary	$2,590,000,000
Minimum separate account	0
Tax-exempt clients	1,500
Types of accounts managed	CEFGJ
No. of portfolio managers	20
Size of research staff	8

Connecticut National Bank's approach to equities uses fundamental analysis based on relative values with concentration in more promising areas of the economy.

The bank uses options and is a traditional bond strategist.

As of Jan. 1, its asset mix was 51.6% stocks, 28.5% bonds, 16.2% cash and 3.7% convertibles.

Frank L. Stanley, senior vice president, is chief investment officer; Stuart I. Repp, senior vice president, is client contact.

Connors Investor Services

1817 Bernville Road, Reading, Pa. 19601; (215) 376-7418

Total assets managed	$112,000,000
Tax-exempt assets managed:	
Total	$79,000,000
Fully discretionary	$79,000,000
Minimum separate account	$250,000
Tax-exempt clients	111
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

Connors Investor Services is a specialist in two complementary stock strategies: option hedging programs, primarily covered call writing, and the stocks of small companies. Both are combined in balanced accounts.

In its fixed-income approach for balanced accounts, the firm uses short-term bonds and money market instruments. Common stock put options typically are sold against a portion of the cash equivalents.

As of Jan. 1, the asset mix was 65% stocks, 10% bonds and 25% cash.

Clients include C.H. Masland & Sons, Motorists Insurance Cos., Surgical Associates and Provincetown Boston Airlines.

Donald J. McBryan, vice president, is the chief investment officer; William J. Russell Jr., vice president, is the client contact.

Continental Assurance Co.

CNA Plaza, Chicago, Ill. 60685; (312) 822-6944

Total assets managed	$3,800,000,000
Tax-exempt assets managed:	
Total	$1,947,000,000
Fully discretionary	$1,947,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	1,790
Types of accounts managed	CGJ
No. of portfolio managers	4
Size of research staff	6

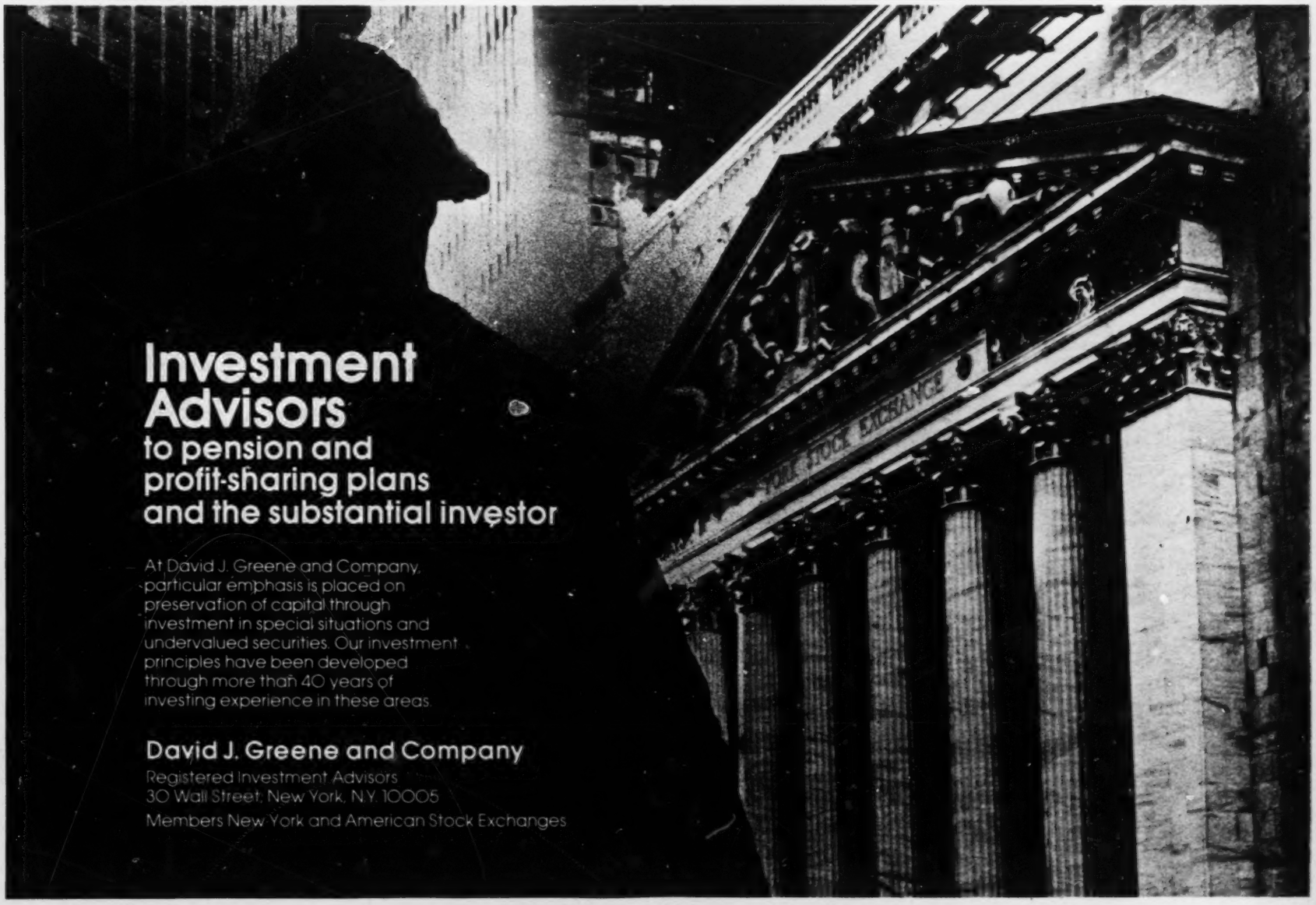
Continental Assurance's stock approach focuses on long-term growth, emphasizing security of principal. Primarily a fixed-income manager, its passive approach includes buying and holding bonds while immunizing a portion of the portfolio.

As of Jan. 1, the asset mix was 3.5% stocks, 96% bonds and 0.5% cash.

Clients include Goldman, Sachs, K mart, American Medical Association and Ford Motor Co.

Donald Rycroft, vice president, is the chief investment officer; Martin J. Gavin, assistant vice president, is the client contact.

Master trust spotlighted May 28.



Continental Bank
1500 Market St., Philadelphia, Pa. 19102; (215) 564-7386

Total assets managed	$482,000,000
Tax-exempt assets managed:	
Total	$211,000,000
Fully discretionary	$190,000,000
Master trust assets	$132,000,000
Minimum separate account	$500,000
Types of accounts managed	CEFGJ
No. of portfolio managers	6

In its equity approach, Continental Bank seeks to produce a consistent return during a market cycle, using a flexible investment style emphasizing unbiased stock selection and market timing while maintaining a reasonable level of risk.

For fixed income, the bank uses a market timing strategy, investing in obligations of the federal government or its agencies.

As of Jan. 1, the asset mix was 26% stocks, 37% bonds, 23% cash, 1% mortgages and 13% GICs.

C. Warren Ormerod, senior vice president, is the chief investment officer; Isabelle Day Murray, director of employee benefits marketing is the client contact.

Continental Illinois National Bank and Trust Co. of Chicago
30 N. LaSalle St., Chicago, Ill. 60697; (312) 828-7007

Total assets managed	$10,812,000,000
Tax-exempt assets managed:	
Total	$4,577,000,000
Fully discretionary	$4,348,000,000
Master trust assets	$9,300,000,000
International assets managed	$8,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	691
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	11

Continental Illinois is an active equity manager, emphasizing a total return approach, including a portfolio yield in excess of the S&P 400 and identification of values not yet reflected in the marketplace.

The bank follows a balanced approach to active bond management. Its strategies emphasize rate anticipation, credit analysis, sector analysis or arbitrage, depending on market conditions and client objectives.

As of Jan. 1, the asset mix was 45% stocks, 40% bonds, 10% cash and 5% convertibles.

Roger H. Sherman, senior vice president, is the chief investment officer; and Raymond O. Wicklander, vice president, is the client contact.

Continental Investment Advisors
6600 W. Broad St., Richmond, Va. 23230; (804) 281-6447

Total assets managed	$997,900,000
Tax-exempt assets managed:	
Total	$233,000,000
Fully discretionary	$233,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	5
Types of accounts managed	CG
No. of portfolio managers	5

Continental Investment Advisors, a fixed-income manager, concentrates on debt retirement arbitrage. It actively manages sinking fund bond portfolios with the objective of outperforming in up markets and providing a defense posture in down markets.

The firm uses options and fixed-income futures.

As of Jan. 1, the asset mix was 97.3% bonds and 2.7% cash.

Clients include Continental Group and Virginia Electric & Power.

Charles E. Keller, managing director, is the chief investment officer; James L. Londrey, managing director, is the client contact.

Copley Real Estate Advisors
535 Boylston St., Boston, Mass. 02116; (617) 578-4900

Total assets managed	$3,000,000,000
Tax-exempt assets managed:	
Total	$1,192,000,000
Fully discretionary	$1,192,000,000
Real estate assets managed	$1,192,000,000
Minimum separate account	$25,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	3

Copley Real Estate's strategy emphasizes investing in developmental real estate with on-site developer partners.

Tax-exempt assets of the real estate manager comprised the New England Life general account, $1,122,000,000; New England Life pension properties, $30,000,000; and the New England Life development property account, $40,000,000.

As of Jan. 1, the asset mix was 100% equity real estate.

Clients include Cotter Co., Frank Russell Trust Co., Mutual Fuel Gas and Pennsylvania Power & Light.

President Joseph W. O'Connor is the chief investment officer; vice president John C. Phillips Jr. is the client contact.

Corbyn Associates Inc.
Suite 330, The Quadrangle, Village of Cross Keys, Baltimore, Md. 21210; (301) 532-8600

Total assets managed	$110,000,000
Tax-exempt assets managed:	
Total	$66,000,000
Fully discretionary	$66,000,000
Minimum separate account	$100,000
Tax-exempt clients	108
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	3

Corbyn Associates, an equity manager, uses a value-oriented approach with a leaning toward contrary opinion. Technical analysis plays a supplemental role in setting strategy.

As of Jan. 1, the asset mix was 61% stocks, 13% bonds and 26% cash.

Daniel R. Long III, director of research and portfolio management, is the chief investment officer; Robert G. Roemer Jr. is the client contact.

Corporate Property Investors
3 Dag Hammarskjold Plaza, 305 E. 47th St., New York, N.Y. 10017; (212) 421-8200

Total assets managed	$2,200,000,000
Tax-exempt assets managed:	
Total	$2,200,000,000
Fully discretionary	$2,200,000,000
Real estate assets managed	$1,600,000,000
Tax-exempt clients	25
Types of accounts managed	CEFGJ
No. of portfolio managers	3

Corporate Property Investors, a real estate manager, invests in high-grade, large-size commercial income-producing property. It has $1.2 billion in equity real estate equity and $400 million in mortgages.

As of Jan. 1, the asset mix was 23% bonds, 57% equity real estate and 20% mortgages. Clients include AT&T, Pacific Gas & Electric, Pennsylvania Public Employees and United Nations Pension Fund.

President Hans C. Mautner is the chief investment officer; Warren G. Hamer is the client contact.

County Bank of St. Louis
8000 Forsyth Blvd., St. Louis, Mo. 63105; (314) 726-2255

Total assets managed	$340,000,000
Tax-exempt assets managed:	
Total	$110,000,000
Fully discretionary	$100,000,000
Minimum separate account	$500,000
Tax-exempt clients	225
Types of accounts managed	CFGJ
No. of portfolio managers	4

A balanced manager, County Bank's equity approach emphasizes growth stocks with sound fundamentals and gives consideration to market trends.

The bank emphasizes government securities in its active bond management.

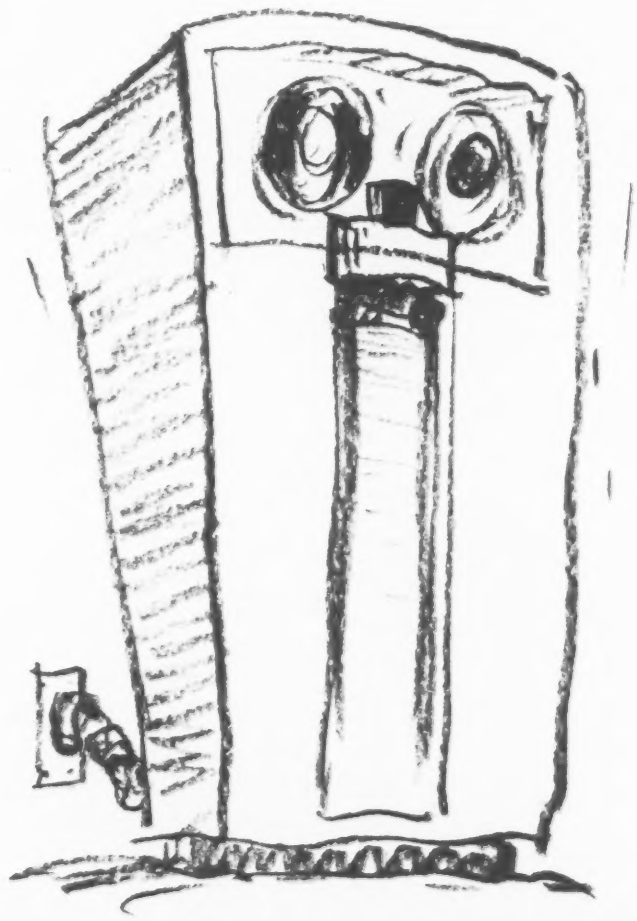
As of Jan. 1, the asset mix was 50% stocks, 40% bonds and 10% cash.

Clients include Sisters of Mercy Retirement Plan; City of Clayton, Mo.; Asbestos Workers Local #1; and Enterprise Leasing.

Carl C. Enloe, vice president and investment manager, is chief investment officer; Richard E. Drummond, vice president and marketing manager, is the client contact.

Courier Capital Corp.
976 Delaware Ave., Buffalo, N.Y. 14209; (716) 883-9595

Total assets managed	$220,000,000
Tax-exempt assets managed:	
Total	$110,000,000
Fully discretionary	$110,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	70
Types of accounts managed	CEFGJ



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No. of portfolio managers	3
Size of research staff	4

Courier Capital, an equity manager, has a low P/E, value-oriented strategy, preferring inefficient sector stocks that have been ignored or forgotten by Wall Street. It has a passive fixed-income approach.

As of Jan. 1, the asset mix was 60% stocks, 20% bonds and 20% cash.

Clients include the city of Tampa, Fla.; GATX Corp., Bethune-Cookman College; and Rich Products Co.

Howard K. Babcock, chairman, is the chief investment officer, Gerald W. Goldberg, senior vice president, is the client contact.

Cramblit & Carney Inc.

523 W. Sixth St., Suite 723, Los Angeles, Calif. 90014; (213) 680-0562

Total assets managed	$262,000,000
Tax-exempt assets managed:	
Total	$262,000,000
Fully discretionary	$262,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	24
Types of accounts managed	CEFJ
No. of portfolio managers	3

Cramblit & Carney is a balanced manager whose equity approach centers on growth stocks and low P/Es. It uses interest rate anticipation in its fixed-income approach.

As of Jan. 1, the asset mix was 45% stocks, 45% bonds and 10% cash.

Richard P. Carney, president, is chief investment officer; Barry T. Seymour, vice president, is client contact.

Criterion Investment Management Co.

333 Clay, Suite 4300, Houston, Texas 77002; (713) 751-2435

Total assets managed	$7,000,000,000
Tax-exempt assets managed:	
Total	$5,600,000,000
Fully discretionary	$5,600,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	100
Types of accounts managed	CEFGJ
No. of portfolio managers	13
Size of research staff	10

In Criterion Investment Management's equity approach, the relative attractiveness of stocks vs. cash equivalents is determined along with identifying concepts and investment themes that will affect positively industry sectors and groups.

In its fixed-income strategy, Criterion uses a proprietary computer system, Portfolio Characterization, that is designed to evaluate and monitor the risk/reward relationship of both individual bonds and portfolios of bonds.

Clients include Tenneco, the state of Nevada, San Diego Gas & Electric, and the state of Illinois.

Charles Miller, president, is the chief investment officer; Jeff Nichols and John Pipkin, managing directors, are the client contacts.

Crocker Investment Management Corp.

595 Market St., 15th Floor, San Francisco, Calif. 94105; (415) 477-8800

Total assets managed	$3,101,000,000
Tax-exempt assets managed:	
Total	$3,051,000,000
Fully discretionary	$2,702,000,000
Real estate assets managed	$35,000,000
International assets managed	$1,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	48
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	6

Crocker Investment's approach to equity management is that superior earnings are the fundamental keys to the superior long-term performance of an equity security. It looks for companies and industries with demonstrable growth records.

Fixed-income management emphasizes active maturity and sector positioning based on yield curve anticipation, spread analysis and credit research. Average maturities range from three to 20 years, tempered by individual account considerations. Sector emphasis is determined by an assessment of expected yield spread changes.

The firm uses options.

As of Jan. 1, the asset mix was 56% stocks, 23% bonds, 20% cash and 1% equity real estate.

Clients include San Francisco City & County, AT&T, Boilermaker-Blacksmith National Pension Trust and Weyerhaeuser Co.

Kennard Woodworth Jr., president, is the chief investment officer; Arthur R. Johnson, vice president-marketing, is the client contact.

Crocker National Bank

333 S. Grand Ave., Los Angeles, Calif. 90071; (213) 253-3212

Total assets managed	$6,200,000,000
Tax-exempt assets managed:	
Total	$3,100,000,000
Fully discretionary	$3,100,000,000
Master trust assets	$8,250,000,000
Real estate assets managed	$163,000,000
International assets managed	$10,000,000
Minimum separate account	$500,000
Tax-exempt clients	1,155
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	6

Crocker National Bank bases its equity approach on sector rotation. The balanced manager focuses on interest-rate anticipation and sector analysis in fixed-income strategies.

It uses options.

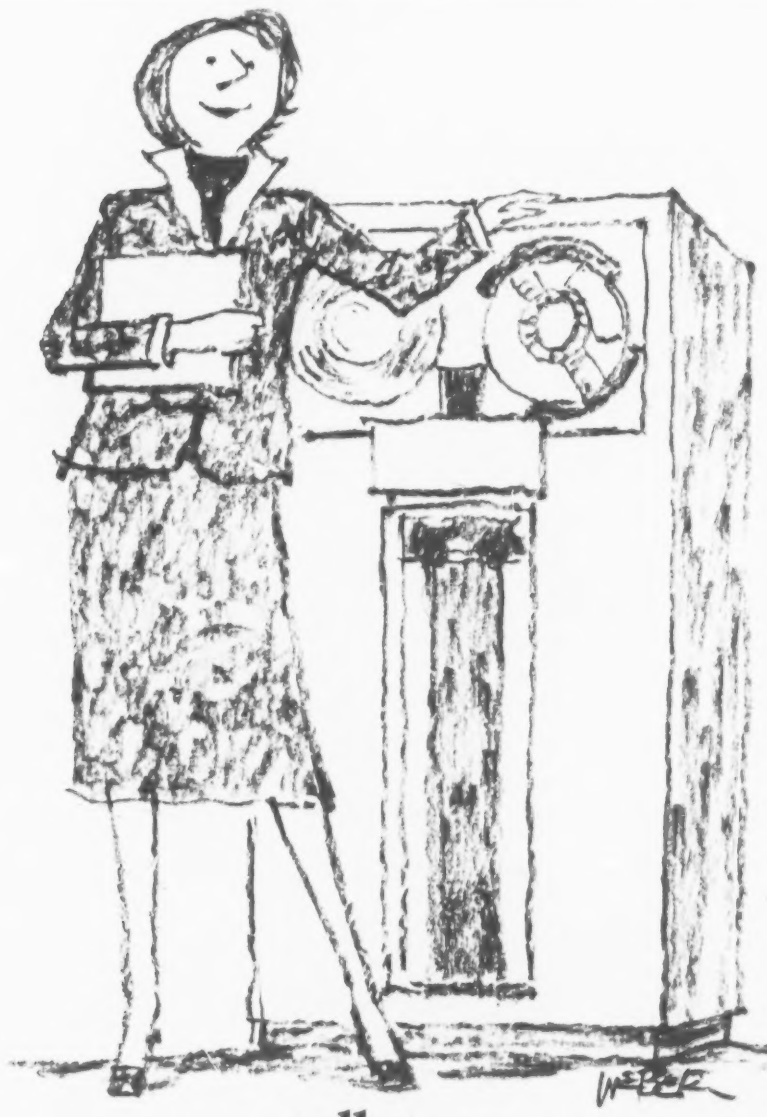
As of Jan. 1, the asset mix was 66% stocks, 8% bonds, 10% cash, 4% equity real estate, 1% mortgages and 11% other investments.

Kennard Woodworth Jr., president of Crocker Investment Management Corp., is the chief investment officer; Lester Wood, vice president, is the client contact.

C-S Capital Advisors Inc.

8150 Corporate Park Drive, Suite 224, Cincinnati, Ohio 45242; (513) 489-5556

Total assets managed	$90,000,000
Tax-exempt assets managed:	
Total	$90,000,000



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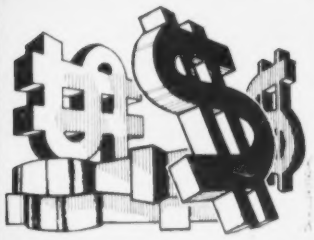

Fully discretionary	$90,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	3
Types of accounts managed	CEF
No. of portfolio managers	3

An equity manager, C-S Advisors' approach is based on a long-term, predetermined disciplined strategy that stresses value in out-of-favor stocks and uses active options writing to enforce a sell discipline.

As of Jan. 1, the asset mix was 75% stocks and 25% cash.

Clients include Central Trust Co., Davidson College Endowment and the Arcadia Foundation.

Clifford Stahl, president, is the chief investment officer; Paul G. Chenault, chairman and chief executive officer, is the client contact.

C & S Investment Counseling

P.O. Box 4114, 33 North Ave., Atlanta, Ga. 30302; (404) 897-3308

Total assets managed	$2,400,000,000
Tax-exempt assets managed:	
Total	$1,480,000,000
Fully discretionary	$1,480,000,000
Master trust assets	$450,000,000
Master custodian assets	$150,000,000
Real estate assets managed	$250,000,000
Minimum separate account	$1,500,000
Tax-exempt clients	800
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	5

C&S Investment Counseling primarily is a bottom-up stock selector with an emphasis on value and momentum. The sell discipline is influenced heavily by momentum. In fixed-income management, it attempts to minimize volatility.

C&S uses options.

As of Jan. 1, the asset mix was 35% stocks, 35% bonds, 20% cash and 10% equity real estate.

Clients include BellSouth, Southern Co., the Salvation Army and United Methodist Church-World.

David W. Meese, executive vice president, is the chief investment officer; James R. Wood, senior vice president, is the client contact.

Cumberland Advisors

716 Wood St., P.O. Box 663, Vineland, N.J. 08360; (609) 692-6690

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$49,000,000
Minimum separate account	$100,000
Tax-exempt clients	5
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

Cumberland Advisors' equity strategy uses fundamental analysis. Industry group and corporate earning cycles are analyzed in the process of soliciting specific securities. Market timing devices augment its strategy.

Interest rate anticipation is used in the fixed-income approach. In ERISA accounts, bonds are positioned to meet actuarial requirements and minimize cost to plan sponsors. Timing decisions are derived from in-house monetarist techniques.

The firm uses covered option writing.

As of Jan. 1, the asset mix was 65% stocks, 30% bonds and 5% cash.

Clients include Charming Shoppes Inc. pension of Norristown, Kirschner Bros. Oil, Hermans Inc. profit-sharing and Alperin Inc. pension trust.

David R. Kotok, general partner, is the chief investment officer; Sheldon E. Goldberg, general partner, is the client contact.

Martin Currie Inc./Martin Currie

29 Charlotte Square, Edinburgh, Scotland EH2 4HA; (011) 44-31-225-3811

Total assets managed	$827,000,000
Tax-exempt assets managed:	
Total	$203,000,000
Fully discretionary	$203,000,000
International assets managed	$90,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	17
Types of accounts managed	CEF
No. of portfolio managers	7
Size of research staff	8

Martin Currie Inc./Martin Currie is an international equity manager that employs growth stock, emerging growth and sector rotation in an equity approach influenced by its diversified clientele.

It invests in the U.K. market only to fulfill requirements of endowment clients. The firm anticipates interest rates in its fixed-income approach.

As of Jan. 1, the asset mix was 85% stocks, 12% bonds and 3% cash.

Clients include Continental Telecom, Union Oil Co. of California, the Church of Scotland and National Trust for Scotland.

Barry Stewart, senior partner, is the chief investment officer; David Skinner, partner, is the client contact.

Cutler & Co. Inc.

4400 MacArthur Blvd., Newport Beach, Calif. 92660; (714) 851-0640

Total assets managed	$129,000,000
Tax-exempt assets managed:	
Total	$109,000,000
Fully discretionary	$109,000,000
Tax-exempt clients	169
Types of accounts managed	CEF

An equity manager, Cutler & Co. uses only massively capitalized stocks, considered as bond substitutes. Among these, it uses bond-swapping procedures.

Cutler holds only isolated fixed-income issues, principally governments, against known retirement dates.

As of Jan. 1, the asset mix was 97% stocks, 2% bonds and 1% cash.

Clients include Valley Presbyterian Hospital, Karl Kirchgessner Foundation, Wadsworth Publishing and Bromar Inc.

Geoffrey W. Cutler, president, is the chief investment officer; Mark S. Patten, executive vice president, is client contact.

d

D.A. Management Consultants Inc.

16541 Gothard, Suite 202, Huntington Beach, Calif. 92647; (714) 842-0162

Total assets managed	$55,000,000
Tax-exempt assets managed:	
Total	$26,900,000
Fully discretionary	0
Real estate assets managed	$25,000,000
Tax-exempt clients	1
Types of accounts managed	G
No. of portfolio managers	2

D.A. Management is exclusively a real estate manager.

As of Jan. 1, the asset mix was 100% mortgages.

Clients include Orange County Employees Retirement System.

Daniel M. Ardell, president, is the chief investment officer and client contact.

Daiwa International Capital Management Corp.

1 Liberty Plaza, New York, N.Y. 10006; (212) 732-6600

Total assets managed	$4,041,000,000
Tax-exempt assets managed:	
Total	$152,100,000
Fully discretionary	$152,100,000
International assets managed	$152,100,000
Minimum separate account	$5,000,000
Tax-exempt clients	6
Types of accounts managed	CG
No. of portfolio managers	24
Size of research staff	10

Daiwa is a research-oriented active international manager, seeking incremental returns from equity investments in the markets of the Pacific Basin. The stock selection process focuses on a company's long-term growth potential and the relative value of its stock price.

As of Jan. 1, the asset mix was 95% stocks and 5% cash.

Clients include Air Canada, United Technologies, General Motors and Frank Russell Trust.

Chairman Shintaro Sakata is the chief investment officer; vice president Shunsuke Ichijo is the client contact.

Davis, Weaver & Mendel Inc.

3312 Piedmont Rd. N.E., Suite 275, Atlanta, Ga. 30305; (404) 231-5568

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Fully discretionary	$8,000,000
Minimum separate account	0
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	1

Davis, Weaver & Mendel's equity slant is toward stock market timing. The firm specializes in economic sector and group analysis. Price momentum and breadth analysis dominate timing models. Mutual funds are used to facilitate changes.

For fixed income, the firm uses timing models to determine the momentum of the interest-rate trend.

The firm uses options, stock index futures and fixed-income futures.

As of Jan. 1, the asset mix was 26% stocks and 74% cash.

Clients include National Service Industries, Sanford Orkin and M. Ecker & Co.

Ned Davis, chairman, is the chief investment officer; Thomas H. Weaver, president, is the client contact.

Dearden, Maguire & Weaver

Suite 1702, 2 Penn Center Plaza, Philadelphia, Pa. 19102; (215) 972-0888

Total assets managed	$325,000,000
Tax-exempt assets managed:	
Total	$175,000,000
Fully discretionary	$140,000,000
Minimum separate account	$500,000
Tax-exempt clients	33
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	1

Dearden, Maguire & Weaver's equity approach is quality oriented based upon the economic outlook, relative valuation analysis and fundamental and technical data. For fixed-income it confines itself to securities with a minimum quality of A rating or better, and maturities of seven years or less. It uses options.

As of Jan. 1, the asset mix was 40% stocks, 50% bonds and 10% cash.

James M. Weaver, treasurer, and Alexander A. Maguire, secretary are the chief investment officers; Edward C. Dearden, president, is the client contact.

Degnan & Gillespie Fixed Income Management Inc.

45 North Broad St., Ridgewood, N.J. 07450; (201) 445-4970

Total assets managed	$408,000,000
Tax-exempt assets managed:	
Total	$408,000,000
Fully discretionary	$408,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	10
Types of accounts managed	CEGJ
No. of portfolio managers	3

Degnan & Gillespie Fixed Income Management Inc. uses interest rate anticipation to preserve capital and generate positive, consistent and attractive investment returns during an entire interest rate cycle as well as for the longer term.

Its asset mix as of Jan. 1 was 40% bonds and 60% cash.

Clients include Commercial Credit, Standard Oil Co. of California, United Mine Workers of America and Blue Cross Blue Shield of North Carolina.

James K. Degnan, president, is chief investment officer. Mr. Degnan and Douglas Gillespie are client contacts.

DeJarnette Investment Advisors

12 Spirea Drive, Dayton, Ohio 45419; (513) 294-7625

Total assets managed	$9,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$5,000,000
Minimum separate account	$100,000
Tax-exempt clients	10
Types of accounts managed	CF
No. of portfolio managers	1

Equity manager DeJarnette Investment Advisors uses options, stock index futures and fixed-income futures in its investment strategies.

As of Jan. 1, the asset mix was 70% stocks, 18% bonds and 12% cash.

President J.H. DeJarnette is the chief investment officer and the client contact.

Delafield Asset Management

63 Wall St., New York, N.Y. 10005; (212) 269-0660

Total assets managed	$302,000,000
Tax-exempt assets managed:	
Total	$241,000,000
Fully discretionary	$241,000,000
Minimum separate account	$500,000
Tax-exempt clients	35
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	3

Delafield Asset Management seeks to enhance capital by purchasing reasonably priced issues which appear undervalued in terms of assets, earning power and cash flow; misunderstood companies; and true special situations.

Fixed-income emphasis is on preservation of capital through investment in undervalued securities and special situations.

As of Jan. 1, the asset mix was 75% stocks, 13% bonds and 12% cash.

Clients include General Host, Pacific Southwest Airlines, Republic Automotive and Safeway Stores.

J. Dennis Delafield, president, is the chief investment officer and the client contact.

Delaware Investment Advisers Inc.

10 Penn Center Plaza, Philadelphia, Pa. 19103; (215) 568-5880

Total assets managed	$6,000,000,000
Tax-exempt assets managed:	
Total	$6,000,000,000
Fully discretionary	$6,000,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	140
Types of accounts managed	CEFGJ
No. of portfolio managers	12

Delaware Investment Advisers takes a top-down equity approach that emphasizes preservation of capital, consistency of return, lower volatility of returns and earning an absolute rate of return.

The equity manager offers an active fixed-income strategy that stresses maximum current income implemented by a fully invested portfolio of the highest yielding, less-seasoned corporate bonds, diversified according to risk.

As of Jan. 1, the asset mix was 82% stocks, 8% bonds and 10% cash.

Clients include AT&T, Tenneco, IBM and Monsanto.

John H. Durham, president, is the chief investment officer; Winthrop S. Jessup, director/vice president-client services, is the client contact.

Delfi Management Inc.

3801 Kennett Pike, Wilmington, Del. 19807; (302) 652-3091

Total assets managed	$275,000,000
Tax-exempt assets managed:	
Total	$15,000,000
Fully discretionary	$12,500,000
Minimum separate account	$500,000
Tax-exempt clients	9
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	4

Delfi Management Inc. pursues a bottom-up investment approach, i.e. portfolio management based on individual security selection reflecting a conviction regarding the attractiveness of a particular security relative to alternative investments. Its equity approach is best described as growth stock, low P/E and Graham & Dodd.

The principal objective of the fixed-income sector of the portfolio is to provide a relatively high rate of return with a limited degree of risk. As with equities, Delfi Management places strong emphasis on selecting undervalued individual credits. Heavy emphasis is placed on convertible bond issues.

Clients include Morningside College, Garrett Williamson Foundation, Freemont Co. and Westfield School.

Richard V. King, president, is chief investment officer; Francis D. Keen, assistant vice president, is client contact.

Delta Financial Inc.

3500 Pacific Ave., P.O. Box 539, Virginia Beach, Va. 23451; (804) 491-1200

Total assets managed	$25,000,000
Tax-exempt assets managed:	
Total	$24,000,000
Fully discretionary	$24,000,000
Minimum separate account	$100,000
Tax-exempt clients	11
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	3

Delta Financial emphasizes equities with a market timing approach and offers fixed-income strategies when a balanced approach is required. Rather than a random or deterministic approach to equities, Delta's philosophy is probablistic. Stocks are selected objectively, and internally de-

Rank	Company	Equity	Bonds	Total
1.	Morgan Guaranty	2,700	2,200	5,200
2.	Fiduciary Trust	NA	NA	3,500
3.	TIAA/CREF	1,500	64	1,600
4.	Morgan Grenfell	754	8	762
5.	T. Rowe Price	729	0	729
6.	Fidelity International	675	0	675
7.	G.T. Capital Management	524	0	552
8.	Templeton Investment	485	24	509
9.	Citibank	250	230	480
10.	State Street Bank	477	0	477
11.	Capital Guardian	427	49	476
12.	Prudential Insurance	263	75	338
13.	Kleinwort Benson	259	53	312
14.	Schroder Capital	330	0	330
15.	Lombard Odier	285	0	300
16.	Brown Brothers	110	180	290
17.	Putnam Advisory	139	143	282
18.	Wertheim Philippe	265	0	265
19.	Baring International	225	0	225
20.	Kemper Financial	110	95	205
21.	Warburg Investment	186	0	186
22.	Nomura Investment	174	0	174
23.	ABD International	155	5	160
24.	First Chicago	100	60	160
25.	Daiwa International	152	0	152
	TOTAL	11,274	3,186	18,339

veloped and probability-weighted screens are applied to a 5,000- company database. Screens are independent of forecasts.

For fixed income, the firm follows a core-tactical approach which is augmented with a portfolio insulation strategy. Delta conducts fundamental research of individual credits in the market environment and accompanies it with some technical analysis of daily trading patterns.

As of Jan. 1, the asset mix was 25% stocks, 35% bonds and 40% cash.

Clients include Genesis Group Trust, Wilson Trucking Corp., Portsmouth General Hospital and Clark & Stant.

Mark T. Finn, president, is the chief investment officer; Eloise C. Chandler, principal, is the client contact.

Delta Financial Management

37 Derby St., Hingham, Mass. 02043; (617) 749-8156

Total assets managed	$22,000,000
Tax-exempt assets managed:	
Total	$14,000,000
Fully discretionary	$14,000,000
Minimum separate account	$500,000
Tax-exempt clients	16
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

Delta Financial Management Corp. is an equity manager which uses a sector rotation approach. Its investment style is value-oriented and conservative, using quantitative analysis of relative price and earnings momentum to identify undervalued and overvalued securities. Its approach to fixed income is passive.

As of Jan. 1, the tax-exempt asset mix was 85% stocks and 15% bonds.

G. Edward Noonan Jr., is the chief investment officer; Frank J. Weldon Jr., is the client contact.

Denver Investment Advisors

P.O. Box 17487, 633 17th St. Suite 1800, Denver, Colo. 80217; (303) 293-5588

Total assets managed	$1,300,000,000
Tax-exempt assets managed:	
Total	$1,300,000,000
Fully discretionary	$1,300,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	47
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	6

Denver Investment Advisors Inc.'s equity strategy focuses on small and medium-sized companies. Its approach is fundamental.

The fixed-income strategy concentrates on interest rate anticipation and bond optimization.

Its asset mix as of Jan. 1 was 70% stocks, 20% bonds and 10% cash.

Clients include AT&T, Southern California Edison, Rohm & Haas and Great Northern Nekoosa.

Kenneth V. Penland, chairman, is chief investment officer; Dennis E. Larkin, vice president, is client contact.

Depositors Trust Co.

286 Water St. P.O. Box 1054, Augusta, Maine 04330; (207) 623-4721

Total assets managed	$224,000,000
Tax-exempt assets managed:	
Total	$42,000,000
Fully discretionary	$30,000,000
Minimum separate account	$50,000
Tax-exempt clients	110
Types of accounts managed	CEFJ
No. of portfolio managers	2

A fixed-income manager, Depositors Trust uses sector rotation in its equity approach, reviewing fundamentals as well as technical aspects to make buy and sell decisions.

Employing a passive fixed-income approach, Depositors Trust purchases government issues with maturities from one to 15 years. A laddered maturity pattern is employed. As of Jan. 1, the asset mix was 40% stocks, 50% bonds and 10% cash.

Franklin Lawrence, assistant vice president and trust investment officer, is the chief investment officer and client contact.

International investment advisers will be profiled in the June 25 issue.

Dillon, Read Capital Inc.

535 Madison Ave., New York, N.Y. 10022; (212) 906-7659

Total assets managed	$644,000,000
Tax-exempt assets managed:	
Total	$644,000,000
Fully discretionary	$644,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	8
Types of accounts managed	CFG
No. of portfolio managers	4

Dillon, Read Capital seeks undervalued companies with good profit potentials in its equity strategy. Also, cash will be raised when market risks are considered high.

The firm employs a flexible approach to fixed-income management, adjusting maturities depending upon valuation levels and trends in overall financial liquidity.

As of Jan. 1, the asset mix was 76% stocks, 8% bonds and 16% cash.

Clients include AMF, Alcoa Foundation, Hughes Aircraft and the Illinois Municipal Retirement.

Timothy G. Dalton Jr., president and chief executive officer, is the chief

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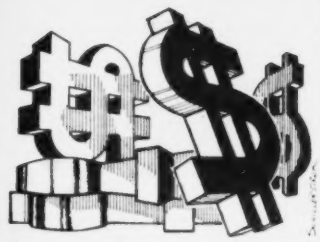

investment officer; David A. Dewey, executive vice president, is the client contact.

Dimensional Fund Advisors

310 S. Michigan Ave., Chicago, Ill. 60604; (312) 663-4350

Total assets managed	$990,000,000
Tax-exempt assets managed:	
Total	$990,000,000
Fully discretionary	$990,000,000
Tax-exempt clients	61
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	7

Dimensional Fund Advisors specializes in small-capitalization stocks and in short-term fixed-income management. The firm follows maturities of less than 24 months. DFA applies its own model to the existing yield curve to determine the best bond positions.

As of Jan. 1, the asset mix was 90% stocks and 10% bonds.

Clients include McDonnell Douglas, IBM, Cooper Tire & Rubber and the University of Chicago.

Rex Sinquefield, executive vice president, is the chief investment officer; Larry Klotz, executive vice president, is the client contact.

Discount Corp. of New York Advisers

58 Pine St., New York, N.Y. 10005; (212) 248-8989

Total assets managed	$1,000,000,000
Tax-exempt assets managed:	
Total	$810,000,000
Fully discretionary	$810,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	6
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	3

Discount Corp. of New York Advisers fixed-income approach uses interest rate anticipation. As the near-term cyclical and secular interest rate forecast is modified, portfolio structure is altered to conform to each client's appropriate risk profile.

As of Jan 1. the tax-exempt asset mix was 70% bonds and 30% cash.

Clients include General Dynamics Corp., United Airlines, The Common Fund and Frank Russell Trust Co.

Patricia W. deBlank, executive vice president, is chief investment officer; William J. Callahan, vice president, is client contact.

Walter M. Dixon Jr. Inc.

P.O. Box 2768, Roanoke, Va. 24001; (703) 343-9903

Total assets managed	$28,000,000
Tax-exempt assets managed:	
Total	$16,000,000
Fully discretionary	$16,000,000
Minimum separate account	0
Tax-exempt clients	10
Types of accounts managed	CE
No. of portfolio managers	1

Walter M. Dixon uses relative strength analysis and relative P/E ratio information in its growth stock equity approach.

The fixed-income approach is passive, with issues maturing within 10 years.

As of Jan. 1, the asset mix was 35% stocks, 25% bonds and 40% cash.

Clients include Ferrum College and Rice Bottling.

Walter M. Dixon Jr. is the chief investment officer and the client contact.

DJ Investment Advisors Inc.

310 Fox Pavilion, Jenkintown, Pa. 19046; (215) 887-6946

Total assets managed	$40,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Minimum separate account	$300,000
Tax-exempt clients	39
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	2

DJ Investment Advisors is a balanced manager whose equity strategy is low P/E. The firm "goes with the flow" except when instituting its contrarian strategies. In short, it practices a holistic approach to investments. Interest rate anticipation is used for fixed-income investment.

The firm uses options and stock index futures.

As of Jan. 1, the asset mix was 40% stocks, 40% bonds and 20% cash.

David A. Schwerin, president, is the chief investment officer and client contact.

Dodge & Cox Inc.

1 Post St., Suite 3500, San Francisco, Calif. 94104; (415) 981-1710

Total assets managed	$2,260,000,000
Tax-exempt assets managed:	
Total	$1,885,000,000
Fully discretionary	$1,825,000,000
Real estate assets managed	$27,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	73
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	8

The equity investment philosophy of Dodge & Cox emphasizes fundamental value analysis and management of risk through diversification.

The firm combines interest rate, sector, quality and individual security analysis with long-term perspective in its fixed-income approach.

As of Jan. 1, the asset mix was 67.6% stocks, 27.3% bonds, 3.9% cash and 1.2% equity real estate.

Clients include Columbia Gas System, I.A.M. National Pension Fund, Pacific Telesis and Shell Pension Fund.

Peter Avenali, chairman of the board and chief executive officer, is the chief investment officer; Kenneth E. Olivier, vice president, is the client contact.

Douglas, Noyes & Co. Inc.

50 Broad St., 12th Floor, New York, N.Y. 10004-2354; (212) 668-3043

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$27,000,000
Fully discretionary	$27,000,000
Tax-exempt clients	10
Types of accounts managed	CEF
No. of portfolio managers	4

Douglas, Noyes is a risk-averse equity manager that focuses on companies with superior rates of growth in secular earnings. Losses are minimized by placing equal emphasis on sales.

As of Jan. 1, the asset mix was 72% stocks and 28% cash.

Clients include Bank Rahn & Bodmer, J.J. Henry, Misco and Webb Institute of Naval Architecture.

James A.M. Douglas is president and chief investment officer; William M. Morris, managing director, is the client contact.

Drexel Burnham Lambert Investment Advisors

1500 Walnut St., Philadelphia, Pa. 19102; (215) 545-4100

Total assets managed	$1,306,000,000
Tax-exempt assets managed:	
Total	$891,000,000
Fully discretionary	$891,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	87
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	40

Drexel Burnham Lambert Investment Advisors' equity approach incorporates a top-down, value oriented conservative growth philosophy, sector rotation; stock selection focuses on high quality industry leaders.

Its fixed-income approach is to shift maturities in anticipation of changes in rates; active swapping to capitalize on market inefficiences; unusual strength in credit analysis.

The firm uses fixed-income futures.

Its asset mix as of Jan. 1 was 60% stocks, 35% bonds and 5% cash.

Clients incude Philadelphia Electric, Brooklyn Union Gas, the Maryland National Park & Planning Commission, and Continental Telecom.

W. Thacher Brown, senior vice president, is chief investment officer; Erich Weissenberger, vice president, is client contact.

Dreyfus Management Inc.

767 Fifth Ave., New York, N.Y. 10153; (212) 715-6454

Total assets managed	$1,850,000,000
Tax-exempt assets managed:	
Total	$1,850,000,000
Fully discretionary	$1,850,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	50
Types of accounts managed	CFGJ
No. of portfolio managers	8
Size of research staff	3

The equity approach of Dreyfus Management is value-oriented, low P/E and contrarian, with protection on the downside. The strategy blends top-down/bottom-up management styles with stock selection and asset mix as its most important elements, followed by industry or sector weighting.

Fixed-income strategy is based on anticipated changes in interest rates and the subsequent positioning of the portfolio along the expected yield curve. The firm raises cash at the bottom of the secondary interest rate cycles and reinvests in intermediate-term obligations at the tops of those cycles.

As of Jan. 1, the asset mix was 55% stocks, 25% bonds and 20% cash.

Clients include National Steel, Consolidated Edison of New York, CPC International and Penn Central.

Peter A. Santoriello is president and chief investment officer; Bruce Kerr, vice president, is the client contact.

Duff and Phelps Investment Management Co.

55 E. Monroe St., Chicago, Ill. 60603; (312) 263-2610

Total assets managed	$1,057,000,000
Tax-exempt assets managed:	
Total	$912,000,000
Fully discretionary	$912,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	26
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	75

Duff and Phelps uses a bottom-up research approach to equities emphasizing stocks with low P/E multiples, high dividend income and above-average return.

Its fixed-income approach stresses preservation of capital and generation of income using high-quality issues. Maturity distribution is based on interest rate forecasts.

As of Jan. 1, the asset mix was 35% stocks, 60% bonds and 5% cash.

Clients include Arizona State Compensation Fund, Nevada Industrial Insurance System, Ohio State Highway Patrol and the Lincoln Foundation.

Robert D. Milne, president, is the chief investment officer; Richard R. Davis, senior vice president, is the client contact.

Eagle Asset Management

P.O. Box 12749, St. Petersburg, Fla. 33733; (813) 381-3800

Total assets managed	$68,000,000
Tax-exempt assets managed:	
Total	$41,000,000
Fully discretionary	$41,000,000
Minimum separate account	$500,000
Tax-exempt clients	170
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	7

Eagle Asset Management Corp. (formerly RJ Asset Management) uses an equity approach that identifies inefficient sectors, including medium/small companies with under valued assets and/or rapid earnings growth. It stresses strong fundamentals with low debt and low P/E ratios. Its asset mix as of Jan. 1 was 58% stocks, 7% bonds and 35% cash.

Clients include Wolfe Industries, Health Care and Val-Pak Inc.

Herbert E. Ehlers, president, is chief investment officer and client contact.

Eagle Management & Trust

1200 River Oaks Bank Tower, Houston, Texas 77019; (713) 526-8401

Total assets managed	$891,000,000
Tax-exempt assets managed:	
Total	$817,000,000
Fully discretionary	$737,000,000
Minimum separate account	$10,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Eagle Management & Trust raises or commits cash according to a disciplined valuation of the overall equity market based on P/Es. In stock selection, it looks for the best overall values regardless of category.

For fixed income, the firm uses a disciplined interest rate anticipation system based on the relationship between short- and long-term rates. Average portfolio maturity seldom exceeds 10 years.

Clients include Southern California Edison, Occidental Petroleum and the states of Hawaii and South Dakota.

Monroe Luther, president, is the chief investment officer; Homer Luther, chairman, is the client contact.

Eastdil Advisers Inc.

40 W. 57th St., New York, N.Y. 10019; (212) 977-4505

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$575,000,000
Fully discretionary	$575,000,000
Real estate assets managed	$575,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	3
Types of accounts managed	CG

Eastdil Advisers invests exclusively in real estate.

As of Jan. 1, the asset mix was 95% equity real estate and 5% mortgages.

Clients include AT&T and Chrysler.

James J. Gallagher, president, is chief investment officer and client contact.

Eaton & Howard, Vance Sanders

24 Federal St., Boston, Mass. 02110; (617) 482-8260

Total assets managed	$3,090,000,000
Tax-exempt assets managed:	
Total	$655,000,000
Fully discretionary	$625,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	19

Eaton & Howard, Vance Sanders seeks superior equity performance by concentrating assets in various undervalued securities identified through continuous innovative fundamental research and adherence to price disciplines.

Its active fixed-income approach is value-oriented, emphasizing quality and liquidity. Maturities are varied to reflect inflationary expectations. The firm relies on relative value analysis and employs short-term maturities.

As of Jan. 1, the asset mix was 67% stocks, 19% bonds and 14% cash.

Clients include Boise Cascade, city of San Francisco, McGraw-Hill and U.S. Tobacco.

Landon T. Clay is the chief investment officer; John H. Wise Jr. is the client contact.

Eberstadt Asset Management Inc.

61 Broadway, New York, N.Y. 10006; (212) 480-8600

Total assets managed	$2,530,000,000
Tax-exempt assets managed:	
Total	$2,485,000,000
Fully discretionary	$2,485,000,000
International assets managed	$7,300,000
Minimum separate account	$5,000,000
Tax-exempt clients	42
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	11

Eberstadt Asset Management's equity approach is growth stock and emerging growth. Its fixed-income approach is to analyze current financial and economic pressure. It monitors specific indexes that have proven accurate in indicating either a positive or negative environment for long-term bonds.

The asset mix as of Jan. 1 was 91% stocks, 3% bonds and 6% cash.

The firm uses options and fixed-income futures.

Clients include AT&T, Hughes Aircraft, Monsanto and RCA.

G. Peter Schieferdecker, president, is chief investment officer; Michael J. Del Priore, vice president and director of marketing, is client contact.

Canadian money managers will be profiled in the July 9 issue of Pensions & Investment Age.

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Regional Secondary Marketing Director

MARTHA EZELL
Regional Secondary Marketing Director

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Dale K. Ehrhart Inc.

101 W. Venice Ave., Venice, Fla. 33595; (813) 485-5468

Total assets managed	$83,000,000
Tax-exempt assets managed:	
Total	$31,000,000
Fully discretionary	$31,000,000
Minimum separate account	$100,000
Tax-exempt clients	89
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	1

In its equity approach, Dale K. Ehrhart uses high-dividend blue-chip stocks with low P/E and low debt/equity ratios. The firm uses Graham & Dodd securities and sells covered calls.

As of Jan. 1, the asset mix was 100% stocks.

Clients include Sisters of Mercy Pension Fund and Diamond Exchange Pension Fund.

President Dale K. Ehrhart and Vice President Thomas B. Trammell are the chief investment officers and client contacts.

Richard Ellis Inc.

350 Park Ave., New York, N.Y. 10022; (212) 355-4810

Total assets managed	$625,000,000
Tax-exempt assets managed:	
Total	$604,000,000
Fully discretionary	0
Real estate assets managed	$604,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	52
Types of accounts managed	CG
No. of portfolio managers	10
Size of research staff	27

Richard Ellis is a real estate investment adviser. The $604 million in tax-exempt assets represent British pension fund assets.

As of Jan. 1, the asset mix was 100% equity real estate.

Clients include St. Paul Properties, Electricity Supply, the Imperial Group and U.K.-American Properties.

Christopher D. Budden, executive vice president, is the chief investment officer; Graham J. Bond, senior vice president, is the client contact.

E.M.G. Advisors Inc.

1960 Bronson Road, Fairfield, Conn. 06430; (203) 255-5701

Total assets managed	$36,000,000
Tax-exempt assets managed:	
Total	$36,000,000
Fully discretionary	$36,000,000
Real estate assets managed	$36,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	23
Types of accounts managed	CJ
No. of portfolio managers	4

E.M.G. Advisors hopes to offer soon a computerized S&P 500 option product. Its fixed-income approach is best described as computer optimized management using a data base of 160,000 pools of discount fixed and variable rate government securities. It screens for the deepest discount, shortest maturity, highest yield bonds. The manager purchases variable rate securities yielding the prime rate with one-month to one-year maturities.

Its asset mix as of Jan. 1 was 98% mortgage-backed bonds and 2% cash.

Clients include the Society for Savings, Acco Babcock, Stauffer Chemical and Guthrie North America.

Eben M. Graves Jr., president, is chief investment officer. Mr. Graves and Paul Hood are client contacts.

Endowment Management & Research Corp.

77 Franklin St., Boston, Mass. 02110; (617) 357-8480

Total assets managed	$1,865,000,000
Tax-exempt assets managed:	
Total	$1,836,000,000
Fully discretionary	$1,836,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	38
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	9

Endowment Management & Research's equity approach combines growth stock and sector rotation techniques. It purchases equities that are about to have a positive change in earnings momentum and remain fairly valued by the market.

For fixed income, the deregulated bond markets have return and risk characteristics similar to equity markets. The firm's advanced management techniques combine yield curve and credit analysis with sector opportunities to build portfolios.

As of Jan. 1, the asset mix was 82% stocks, 7% bonds and 11% cash.

Clients include Brown University, Consolidated Natural Gas and GTE.

Stephen D. Cutler, executive vice president, is the chief investment officer; Brooks H. Sawyer, vice president, is the client contact.

Equibank, Trust Department

2 Oliver Plaza, Pittsburgh, Pa. 15222; (412) 288-5645

Total assets managed	$225,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$150,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	3

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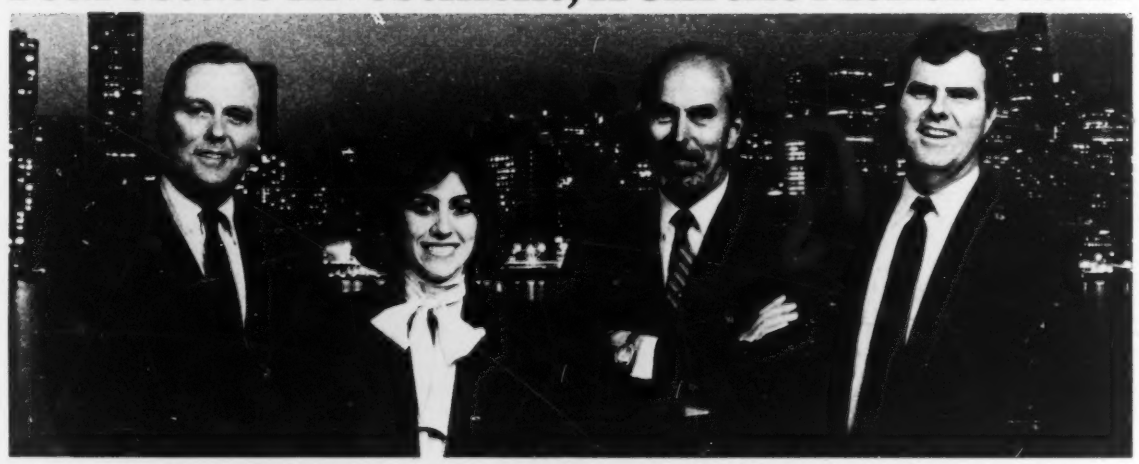
Hambrecht & Quist Equity Management
235 Montgomery St., San Francisco, CA 94104
(415) 986-5115

HQEM

7 guidelines for pension fund real estate investment, from the Mellon team.



Left to right: Theodore J. Moss, Jr., Vice President; Karin E. Shewer, Vice President; Robert L. Kinney, President; James T. Foran, Executive Vice President, Mellon Real Estate Investment Management Corporation.

Real estate investment can increase cash flows and asset growth while reducing portfolio volatility. For optimum performance, the portfolio must be designed with reference to the particular needs of your pension fund. Mellon's experienced Real Estate Investment Management Group has developed seven basic guidelines for pension fund investments. We've applied them successfully for major corporate and public pension fund clients for whom we manage over $500 million in real estate assets.

1. We design a real estate portfolio to meet your specific financial objectives and actuarial requirements.
2. We invest in both real estate equity and mortgage debt, as your objectives require. Interestingly, some of our clients find mortgage investments with their high returns and monthly cash flows to be the ideal fixed income alternative for funding current benefit payments.
3. We concentrate on investment-grade commercial and industrial real estate.
4. We emphasize current cash yields rather than staking the majority of your return on uncertain future appreciation.
5. For each individual client's portfolio we stress diversification by property type, location, and investment amount.
6. Our policy is to avoid hotels, fast-food operations, restaurants, and other management-intensive assets. We also avoid apartments with their potential rent control problems.
7. In general, our ongoing policy is to avoid highly specialized buildings which would not find a wide universe of users if existing tenants were to curtail their use.

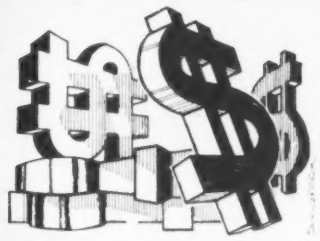
This portfolio management approach gives you great flexibility to modify your investment policy in accordance with changing opportunities and market conditions. It also gives you the control that goes with distinct asset ownership—and your returns cannot be affected by other clients' liquidation decisions.

The collective fund alternative. For clients who require an even greater degree of diversification, or who are not in a position to make a major commitment of funds at this time, Mellon Bank sponsors closed-end real estate collective trust funds. The Mellon Real Estate Investment Management Group acts as investment adviser to these funds, applying the same basic real estate investment principles.

Unlike many collective funds, Mellon's have a fee structure tied to cash flow rather than to appraised values, so that fees directly reflect the performance of assets from an investor's viewpoint.

To find out how Mellon's management guidelines can work for you, call Bob Kinney, or Karin Shewer, at 212-702-4040, or write to them at Mellon Real Estate Investment Management Corporation, Mellon Financial Center, 551 Madison Avenue, New York, NY 10022.

Mellon Real Estate Investment Management Corporation



growth of assets and consistency of performance in its equity management. Fundamental analysis focuses on industries and companies having positive prospects for the intermediate- to long-term.

The firm's fixed-income management emphasizes preservation of principal and maintenance of a predictable stream of income. Government and high-grade corporate securites are selected on the basis of quality, coupon and maturity.

Howard M. Weiss, vice president, is the chief investment officer; Elizabeth L. Bakoss, trust officer-marketing manager, is the client contact.

Equitable Bank

100 S. Charles St., Baltimore, Md. 21201; (301) 547-4000

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$150,000,000
Minimum separate account	$500,000
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	3

Equitable Bank uses market timing, basing timing decisions on market sentiment and monetary indicators for moving equity issues that already have been screened fundamentally.

For fixed income, the balanced manager uses sentiment trading techniques, more often associated with equities trading, for timing bond trades. Interest rate anticipation and sector analysis are used.

As of Jan. 1, the asset mix was 65% stocks, 25% bonds and 10% cash.

William Gliss, vice president, is chief investment officer; Louis K. Nielsen, vice president, is client contact.

Equitable Life Assurance Society

1285 Ave. of the Americas, New York, N.Y. 10019; (212) 554-4634

Total assets managed	$50,200,000,000
Tax-exempt assets managed:	
Total	$36,162,800,000
Fully discretionary	$36,162,800,000
Real estate assets managed	$3,048,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	817
Types of accounts managed	CEFGJ
No. of portfolio managers	23
Size of research staff	119

Equitable's stock selection process seeks equities that have strong earnings growth potential and are attractive on a relative valuation basis.

The balanced manager focuses on interest rate anticipation in fixed-income management, and considers the appropriate weightings of maturities as the most critical factor affecting the total portfolio return. It also uses sector swapping, bond optimization and immunization.

As of Jan. 1, the asset mix was 42.6% stocks, 23.6% bonds, 12.6% cash, 13.2% equity real estate, 5% mortgages and 3% other.

Clients include AT&T, Ethyl, Shell Oil and the state of Idaho.

Leo M. Walsh Jr. is executive vice president and chief investment officer; Barry V. Smith, executive vice president and chief of pensions operations, is the client contact.

Equitec Institutional Realty Advisors

7677 Oakport St., Oakland, Calif. 94614; (415) 430-9900

Total assets managed	$800,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
Real estate assets managed	$100,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	4
Types of accounts managed	CG

Equitec Institutional Realty Advisors acquires prime institutional-grade real property in major growth areas, aggressively managing those properties in-house and disposing of them within a five-year period for all cash.

As of Jan. 1, the asset mix was 100% equity real estate.

Vice President Don Jackson is the chief investment officer.

Evans & Moxon Capital Management Inc.

19 S. Main St., Suite A-1, Yardley, Pa. 19067; (215) 493-0500

Total assets managed	$40,000,000
Tax-exempt assets managed:	
Total	$39,000,000
Fully discretionary	$39,000,000
Minimum separate account	$750,000
Tax-exempt clients	14
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

Evans & Moxon Capital Management Inc. generally utilizes medium company equities ($100 million to $1 billion) with above average three to five-year growth prospects. Turnover averages 25% annually. Its equity approach is best described as sector rotation.

In its fixed-income approach risks are evaluated through the use of a bond optimization model, consistent with the economic outlook of the firm. The firm uses sector rotation with high current income orientation.

Its asset mix as of Jan. 1 was 65% stocks, 30% bonds and 5% cash.

John S. Moxon, president, is chief investment officer; Joseph M. Evans Jr., vice president, is client contact.

Favia, Hill & Associates

30 Rockefeller Plaza, New York, N.Y. 10112; (212) 621-2034

Total assets managed	$8,700,000,000
Tax-exempt assets managed:	
Total	$8,700,000,000
Fully discretionary	$8,700,000,000
Real estate assets managed	$75,000,000
International assets managed	$52,000,000
Minimum separate account	0
Tax-exempt clients	167
Types of accounts managed	CEFG
No. of portfolio managers	15

Favia, Hill is a balanced manager that relies primarily on sector rotation in its equity approach. Its fixed-income strategies are based on interest rate anticipation and sector analysis.

As of Jan. 1, the asset mix was 58% stocks, 30% bonds and 12% cash.

Kenneth S. Rolland, executive vice president, is the chief investment officer; James A. Favia, president, and Robert D. Hill, executive vice president, are the client contacts.

Federated Investment Counseling Inc.

421 Seventh Ave., Pittsburgh, Pa. 15219; (412) 288-6303

Total assets managed	$1,021,000,000
Tax-exempt assets managed:	
Total	$120,000,000
Fully discretionary	$104,000,000
Minimum separate account	$2[illegible]000
Tax-exempt clients	16
Types of accounts managed	CEF
No. of portfolio managers	8
Size of research staff	13

Federated Investment Counseling is a relative value manager with a moderate asset allocation decision using a quantitative approach to investing in large-capitalization, high-quality companies.

Its fixed-income approach is that of a relative value manager using a five- to 14-year range of maturities and broad sector analysis.

As of Jan. 1, the asset mix was 42% stocks, 46% bonds and 12% cash.

Clients include Titanium Metals, I.C. Industries and Hanna Mining.

Henry J. Gailliot, president, is the chief investment officer; John B. Fisher, vice president, is the client contact.

Cash management listing July 23.

F.I.A. Associates Inc.

2045 Hallmark Drive, P.O. Box 255400, Sacramento, Calif. 95825; (916) 920-4051

Total assets managed	$675,000,000
Tax-exempt assets managed:	
Total	$675,000,000
Fully discretionary	0
Read estate assets managed	$16,200,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	3
Types of accounts managed	G

F.I.A. Associates is exclusively a real estate manager.

As of Jan. 1, the asset mix was 55% equity real estate and 45% mortgages.

Clients include the California Public Employees Retirement System, the Teacher Retirement System of Texas and the Utah State Retirement Board.

H. James Griggs, president, is the chief investment officer; Vern Bennett, executive vice president, is the client contact.

Fidelity Bank

Broad & Walnut Streets, Philadelphia, Pa. 19109; (215) 985-8143

Total assets managed	$8,000,000,000
Tax-exempt assets managed:	
Total	$727,000,000
Fully discretionary	$493,000,000
Master trust assets	$389,000,000
Real estate assets managed	$35,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	40
Types of accounts managed	CGJ
No. of portfolio managers	7
Size of research staff	10

Fidelity Bank employs Graham & Dodd in its equity approach. For fixed income, it incorporates interest rate anticipation with a top-down, quantitative and active policy. These strategies produce long-term positive investment performance throughout the business cycle while preserving principal. Fidelity Bank uses options.

As of Jan. 1, the asset mix was 22.7% stocks, 40.7% bonds, 36.3% cash and 0.3% equity real estate.

Clients include IBEW and Occidental Petroleum.

John Convery, senior vice president, is the chief investment officer; Alan Yuhas, vice president, is the client contact.

Fidelity International Investment Management

82 Devonshire St., Boston, Mass. 02109; (617) 726-0330

Total assets managed	$725,000,000
Tax-exempt assets managed:	
Total	$725,000,000
Fully discretionary	$725,000,000
International assets managed	$675,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	18
Types of accounts managed	CF
No. of portfolio managers	33

Fidelity International Investment Management's equity approach is active asset allocation based on a top-down economic and political outlook. Portfolio managers in regional offices select securities within the country. Country allocation decisions are made by the investment policy committee.

As of Jan. 1, the tax-exempt asset mix was 97% stocks and 3% cash.

Clients include IBM, Standard Oil of Indiana, GTE and Sun Co.

James Tonner, chairman of the international investment policy group, is chief investment officer; William Fink, vice president-Fidelity International Investment, is client contact.

Fidelity Management Trust Co.

82 Devonshire St., Boston, Mass. 02109; (617) 726-0901

Total assets managed	$1,061,000,000
Tax-exempt assets managed:	
Total	$1,061,000,000
Fully discretionary	$1,061,000,000
International assets managed	$30,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	36
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	21

Equity manager Fidelity Management Trust bases stock selection on dividend yield above the market, anticipated earnings improvement, expected changes in investor attitudes and low aggregage betas to achieve long-term total returns in excess of the S&P 500.

As of Jan. 1, the asset mix was 97% stocks and 3% bonds.

Clients include Consolidated Edison of New York, Eastman Kodak, Ford and Standard Oil of Indiana.

Richard T. O'Rourke, executive vice president and director, is the chief investment officer; Edward E. Madden, executive vice president and director, is the client contact.

Fidelity Union Bank

765 Broad St., Newark, N.J. 07101; (201) 430-4693

Total assets managed	$1,961,000,000
Tax-exempt assets managed:	
Total	$703,000,000
Fully discretionary	$703,000,000
Master trust assets	$395,000,000
International assets managed	$1,000,000
Minimum separate account	$160,000
Tax-exempt clients	587
Types of accounts managed	CEFGJ
No. of portfolio managers	13
Size of research staff	9

Fidelity Union Bank's equity strategy is a value approach using a specific process to identify value in specific stocks. For fixed income, its emphasis is on duration, using sector analysis and interest rate anticipation.

As of Jan. 1, the asset mix was 46% stocks and 54% bonds.

Clients include Warner-Lambert and Foster Wheeler.

Roger R. Conant, executive vice president, is the chief investment officer; Marc S. Herold, trust officer, is the client contact.

Fiduciary Counsel Inc.

40 Wall St., New York, N.Y. 10005; (212) 344-6400

Total assets managed	$622,000,000
Tax-exempt assets managed:	
Total	$157,000,000
Fully discretionary	$150,000,000
Real estate assets managed	$20,000,000
Minimum separate account	$500,000
Tax-exempt clients	37
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	5

Fiduciary Counsel applies various appropriate equity and fixed-income investment strategies to provide customized service to clients.

As of Jan. 1, the asset mix was 60% stocks, 30% bonds and 10% cash.

Clients include Pressley Ridge School; Third Presbyterian Church, Pa.; Pittsburgh Presbytery, and General Computer Interfaces.

Andrew E. Beer, president, is the chief investment officer; Jack R. Orben, chairman, is the client contact.

Fiduciary Management Associates

135 S. LaSalle St., Chicago, Ill. 60603; (312) 930-6850

Total assets managed	$300,000,000
Tax-exempt assets managed:	
Total	$280,000,000
Fully discretionary	$280,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	60
Types of accounts managed	CEFJ
No. of portfolio managers	5
Size of research staff	5

Fiduciary Management Associates is a top-down, macroeconomic equity manager investing in well-managed, value-oriented companies that it predicts will profit from economic trends. Buying and selling decisions receive equal attention.

The manager uses active bond management with a top-down approach, varying sector exposure and taking advantage of interest rate and yield spread changes.

The asset mix as of Jan. 1 was 50% stocks, 30% bonds and 20% cash.

The firm offers option programs.

Clients include Bristol Myers, Scott Foresman & Co., Fred S. James and Kewaunee Scientific.

Philip Arnold, president, is chief investment officer; Robert F. Carr III, chairman of the board, is client contact.

Fiduciary Trust Co. of New York

2 World Trade Center, New York, N.Y. 10048; (212) 466-4100

Total assets managed	$8,300,000,000
Tax-exempt assets managed:	
Total	$6,200,000,000
Fully discretionary	$5,200,000,000
Master trust assets	$35,000,000
Master custodian assets	$10,000,000
International assets managed	$3,500,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	270
Types of accounts managed	CEFGJ
No. of portfolio managers	35
Size of research staff	10

Fiduciary Trust emphasizes shifting equity portfolio concentrations to various market sectors and industries on the basis of the economic outlook.

Issue sector analysis leading to portfolio distributions among bonds is the primary consideration in its fixed-income approach. Interest rate anticipation and the use of the Eurodollar market are other important factors.

Fiduciary trust uses options.

As of Jan. 1, the asset mix was 55% stocks, 30% bonds and 15% cash.

Clients include Alcan Aluminum, American Red Cross and the New Mexico Public Employees Retirement Association.

Jeremy H. Biggs, executive vice president, is the chief investment officer; George J. Mullen Jr., senior vice president, is the client contact.

Fielding Management Co.

183 E. Main St., Suite 942, Rochester, N.Y. 14604; (716) 232-6930

Total assets managed	$45,000,000
Tax-exempt assets managed:	
Total	$17,000,000
Fully discretionary	$17,000,000
Real estate assets managed	$2,000,000
Minimum separate account	$150,000
Tax-exempt clients	22
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	2

Fielding Management, an equity manager, focuses on stocks growing at a rate greater than their multiple in industries growing at a rate approximately twice that of the gross national product. The firm uses options.

For fixed income, it uses sector analysis with fundamental credit analysis on individual investments.

As of Jan. 1, the asset mix was 40% stocks and 60% convertible bonds.

Ronald H. Fielding, president, is chief investment officer; Michael Rosen, portfolio analyst, is the client contact.

The Fields Investment Group

1500 Kearns Blvd., Suite F304, Park City, Utah 84060; (801) 649-1304

Total assets managed	$60,000,000
Tax-exempt assets managed:	
Total	$55,000,000
Fully discretionary	$55,000,000
Minimum separate account	$500,000
Tax-exempt clients	10
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	2

The Fields Investment Group uses sector rotation and the Graham & Dodd approach in its equity strategy. The firm uses interest rate anticipation for fixed income.

Clients include Briggs & Stratton, The Heil Co., Siebert Lutheran Foundation and Tension Envelope Co.

As of Jan. 1, the asset mix was 65% stocks, 25% bonds and 10% cash.

Randall K. Fields, president, is chief investment officer; Nedra Jenkins, portfolio manager, is client contact.

The Fifth Third Bank

Trust Department 00850, Fifth Third Center, Cincinnati, Ohio 45263; (513) 579-5493

Total assets managed	$2,277,000,000
Tax-exempt assets managed:	
Total	$1,035,000,000
Fully discretionary	$1,035,000,000
Real estate assets managed	$50,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	478
Types of accounts managed	CEFGJ
No. of portfolio managers	10

The Fifth Third Bank uses bottom-up stock selection with emphasis on high-quality, underrecognized issues offering high current returns and low volatility. Its fixed-income approach is passive, primarily using investments to reduce portfolio risk. Stress is placed on high-quality intermediate-term issues.

The bank uses options.

As of Jan. 1, the asset mix was 60% stocks, 25% bonds and 15% cash.

Clients include Taft Broadcasting, Cincinnati Gas & Electric Co., Shriners Hospital and the IBEW.

William F. Bahl, vice president, is chief investment officer; Stephen E. Root, trust officer, is the client contact.

Financial Aims Corp.

409 Davidson Building, Great Falls, Mont. 59401; (406) 727-6111

Total assets managed	$32,000,000
Tax-exempt assets managed:	
Total	$15,000,000
Fully discretionary	$15,000,000
Minimum separate account	$100,000
Tax-exempt clients	19
Types of accounts managed	CEF
No. of portfolio managers	1
Size of research staff	2

Financial Aims' equity strategy is best described as growth stock, low P/E and Graham & Dodd. It uses interest rate anticipation for fixed income.

As of Jan 1., the asset mix was 40% stocks, 50% bonds and 10% cash.

Jack Davant, portfolio manager, is chief investment officer; William S. Macfadden Jr., president, is client contact.

Financial Counselors Inc.

920 Main St., Suite 800, Kansas City, Mo. 64105; (816) 471-8200

Total assets managed	$346,000,000
Tax-exempt assets managed:	
Total	$311,000,000
Fully discretionary	$154,000,000
Minimum separate account	$200,000
Tax-exempt clients	46
Types of accounts managed	CEFGJ
No. of portfolio managers	4

Financial Counselors is a balanced manager that uses low P/E and Graham & Dodd in its equity approach. For fixed-income, the firm is a yield curve buyer.

As of Jan. 1, the asset mix was 40.7% stocks, 44.6% bonds and 14.7% cash.

Clients include Kansas C[illegible] Mo.) Police Retirement System ar[illegible]ilermakers International Pensio[illegible]n.

Robert E. Gunn, chairman of the board, is the chief investment officer; Paul F. Hunt, vice president, is the client contact.

The Financial Management Group

1900 Avenue of the Stars, #1444, Los Angeles, Calif. 90067; (213) 552-6754

Total assets managed	$311,000,000
Tax-exempt assets managed:	
Total	$145,000,000
Fully discretionary	$145,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CFGJ
No. of portfolio managers	6
Size of research staff	2

The Financial Management Group, a balanced manager, uses sector rotation to achieve positive returns with minimal risk by capitalizing on early recognition of economic events and then concentrating on portfolios in the market sectors presenting the greatest profit potential.

Its fixed-income approach uses interest rate anticipation and is geared to produce a high rate of return with minimal risk level by focusing on the maturity structure of the portfolio and making careful, measured moves.

As of Jan. 1, the asset mix was 60% stocks, 35% bonds and 5% cash.

Clients include the state of Connecticut, the Archdiocese of New York, Aviall Corp. and the New York Hotel and Motel Trades Association.

Kenneth D. Malamed, partner, is the chief investment officer; Christianne Clark, marketing director, is the client contact.

Financial Trust Co.

7503 Marin Dr., Englewood, Colo. 80111; (303) 779-1233

Total assets managed	$55,000,000
Tax-exempt assets managed:	
Total	$44,000,000
Fully discretionary	$44,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	6
Size of research staff	1

Financial Trust is a non-diversified equity manager with a rotational industry emphasis based on strong earnings.

The fixed-income strategy emphasis is on risk-adjusted total return using duration as a tool and positive returns as an objective.

As of Jan. 1, the asset mix was 76% stock, 12% bonds and 12% cash.

Clients include National Gypsum.

Josiah J. Willard III, senior vice president and director of investment research, is the chief investment officer; John M. Butler, president, is the client contact.

First Asset Management

First Bank Place, Minneapolis, Minn. 55480; (612) 370-4639

Total assets managed	$2,032,000,000
Tax-exempt assets managed:	
Total	$1,697,000,000
Fully discretionary	$1,697,000,000
Master trust assets	$250,000,000
Master custodian assets	$650,000,000
Real estate assets managed	$30,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	63
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	12

First Asset Management's equity investment philosophy is a central-value model based upon the historic relative dividend yield of a common stock to the interest-rate yield on intermediate-term bonds. The balanced manager employs timely switches between money market instruments and intermediate- to long-term maturities.

The firm uses options, stock index futures and fixed-income futures.

As of Jan. 1, the asset mix was 39.2% stocks, 38.3% bonds, 20.7% cash and 1.8% equity real estate.

Clients include Deluxe Check, George A. Hormel, Northern States Power and U S WEST.

Richard W. Jensen, vice president, is the chief investment officer; Fred H. Speece Jr., vice president, is the client contact.

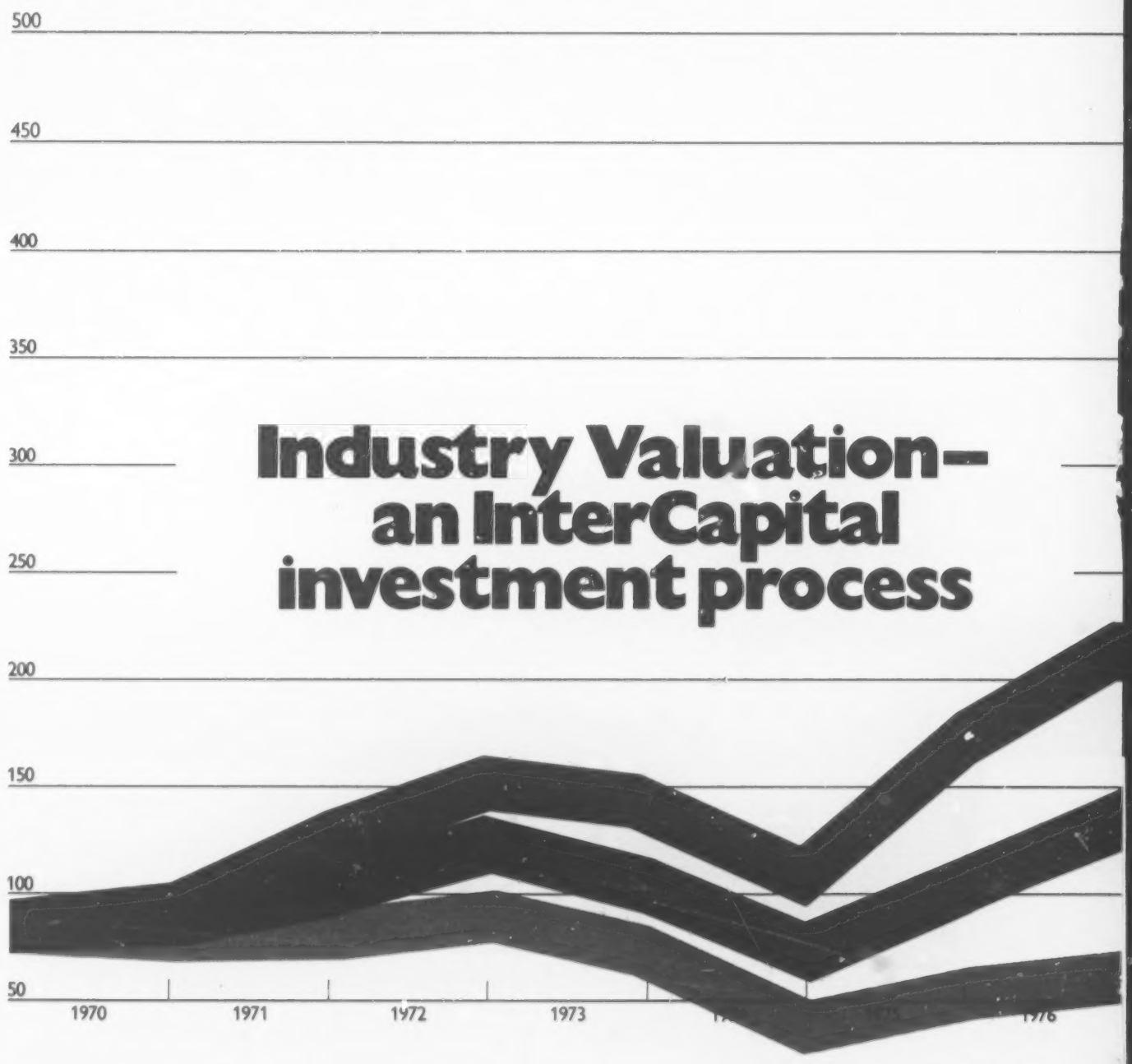
First Chicago Investment Advisors

3 First National Plaza, Chicago, Ill. 60670; (312) 732-6474

Total assets managed	$5,631,000,000
Tax-exempt assets managed:	
Total	$5,292,000,000
Fully discretionary	$5,292,000,000
Real estate assets managed	$519,000,000
International assets managed	$161,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	294
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	36

First Chicago Investment Advisors' equity approach is value-oriented, based on fundamental research. It identifies mispriced securities in shifting market environments. Stock selection is accomplished in an entrepreneurial manner within the context of disciplined judgments on market timing, sector exposures and industry emphasis.

The firm quantifies the relative attractiveness of fixed income as an asset class. When the attraction of this market, compared with other



Industry Valuation— an InterCapital investment process

InterCapital is a sector-oriented investment manager.

Distinctive to the InterCapital equity investment approach is our Industry Valuation discipline—a process which places primary emphasis on identifying industries, rather than individual companies, to maximize capital appreciation.

While investment managers have traditionally spent much of their time on stock selection and market timing, few managers emphasize industry trends—which we believe to be a more measurable and predictive investment discipline. InterCapital studies indicate that industry price movements account for approximately 46% of a typical company's price movement relative to the market.

The Industry Valuation process monitors sales, earnings, and market valuations for 60 industry groups and identifies those that are considered attractive for investment. Records for these industries are maintained and ranges are established in which variations in industry price-earnings multiples relative to the S&P 500 are considered normal. Based on our forecasts of aggregate industry earnings, an industry is considered to be undervalued, moderately valued or fully valued depending on whether its relative price-earnings multiple is below, within or above its normalized range.

Theoretical backtesting of the Industry Valuation approach (see chart) since 1970 has shown unusually consistent results with undervalued industries reflecting superior performance during

asset classes, is above average, interest rate exposure is above average. Products range from passive portfolios to risk-controlled portfolios to active management, depending on client objectives.

As of Jan. 1, the asset mix was 34% stocks, 27% bonds, 23% cash, 10% equity real estate, 3% international, 1% venture capital and 2% other.

Clients include General Motors, Illinois State Board of Investment, Schering-Plough and Inland Steel.

Gary P. Brinson is president and chief investment officer; Thomas Andrews, vice president, is the client contact.

Look for the directory of master trust firms set for May 28.

First City National Bank, Houston

P.O.Box 809, Houston, Texas 77001; (713) 658-7264

Total assets managed	$3,143,000,000
Tax-exempt assets managed:	
Total	$2,375,000,000
Fully discretionary	$815,000,000
Master trust assets	$583,000,000
Real estate assets managed	$29,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	520
Types of accounts managed	CFGJ
No. of portfolio managers	7
Size of research staff	5

First City National Bank, Houston, is a balanced manager that uses sector rotation with an emphasis on growth stocks in its equity strategy. For fixed income, it uses sector analysis and maturity risk/reward analysis.

As of Jan. 1, the asset mix was 63% stocks, 10% bonds, 6% cash, 1% equity real estate, 0.25% mortgages and 19.75% in mineral interests and annuity contracts.

Graham R. Stellwagon, senior vice president, is the chief investment officer; Robert W. Lehman, vice president, is the client contact.

First Equities Institutional Properties Inc.

Suite 500, 6201 Powers Ferry Road, Atlanta, Ga. 30339; (404) 952-1500

Total assets managed	$81,000,000
Tax-exempt assets managed:	
Total	$81,000,000
Fully discretionary	0
Real estate assets managed	$81,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	6
Types of accounts managed	CEG
No. of portfolio managers	3
Size of research staff	2

First Equities Institutional Properties is a real estate manager.

As of Jan. 1, the asset mix was 100% equity real estate.

Paul H. Saylor, executive vice president and managing director, is chief investment officer and client contact.

First Interstate Bank of Oregon, Trust Financial Services Group

1300 S.W. Fifth, Portland, Ore. 97208; (503) 225-2363

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$788,000,000
Fully discretionary	$788,000,000
Master trust assets	$45,000,000
Master custodian assets	$1,400,000,000
Real estate assets managed	$17,000,000
Minimum separate account	$500,000
Tax-exempt clients	75
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	3

First Interstate Bank's equity portfolio has the following classifications: very low P/Es, low risk (portfolio beta 0.8 to 0.9) and high yield. Options are included in the strategy.

Its fixed-income approach focuses on the intermediate sector of the bond market with an average maturity range of five to 10 years. It uses GICs and CMOs.

As of Jan. 1, the asset mix was 52% stocks, 30% bonds, 6% cash, 1% equity real estate, 2% mortgages and 9% GICs.

Clients include Northwest Natural Gas, U S WEST, Georgia Pacific and Louisiana Pacific.

Chris Toronto, vice president and manager-pension investment and advisory services, is the chief investment officer; Jan Dawson, sales manager, is the client contact.

First Interstate Investment Advisers

302 E. Carson, Suite 1002, Box 15188, Las Vegas, Nev. 89114; (702) 385-8879

Total assets managed	$949,000,000
Tax-exempt assets managed:	
Total	$134,000,000
Fully discretionary	$134,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	11
Types of accounts managed	CEFJ
No. of portfolio managers	10

First Interstate Investment Advisers uses market timing in its equity approach. Emphasis is on performance with safety based upon preservation of capital. It employs a top-down system featuring business cycle analysis for its cash-equity decisions.

Market timing is also employed in the firm's fixed-income approach, with emphasis on capital preservation during periods of rising interest rates. Investments are shifted between Treasury bills and long-term government securities during the course of the business cycle.

As of Jan. 1, the asset mix was 55% stocks and 45% bonds.

Clients include Nevada Power Co., University of Nevada Endowment, Carpenters Joint Trusteed Plan and Laborers Joint Trusteed Plan.

Robert M. Lee, president, is the chief investment officer; Randy Campanale, director of marketing, is the client contact.

First Investment Management

P.O. Box 25189, Oklahoma City, Okla. 73125; (405) 272-4488

Total assets managed	$1,759,000,000
Tax-exempt assets managed:	
Total	$1,093,000,000
Fully discretionary	$1,093,000,000
Real estate assets managed	$7,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	137
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	2

First Investment Management is a division of First National Bank & Trust Co. of Oklahoma City. It uses growth stock and sector rotation approaches to equity investment.

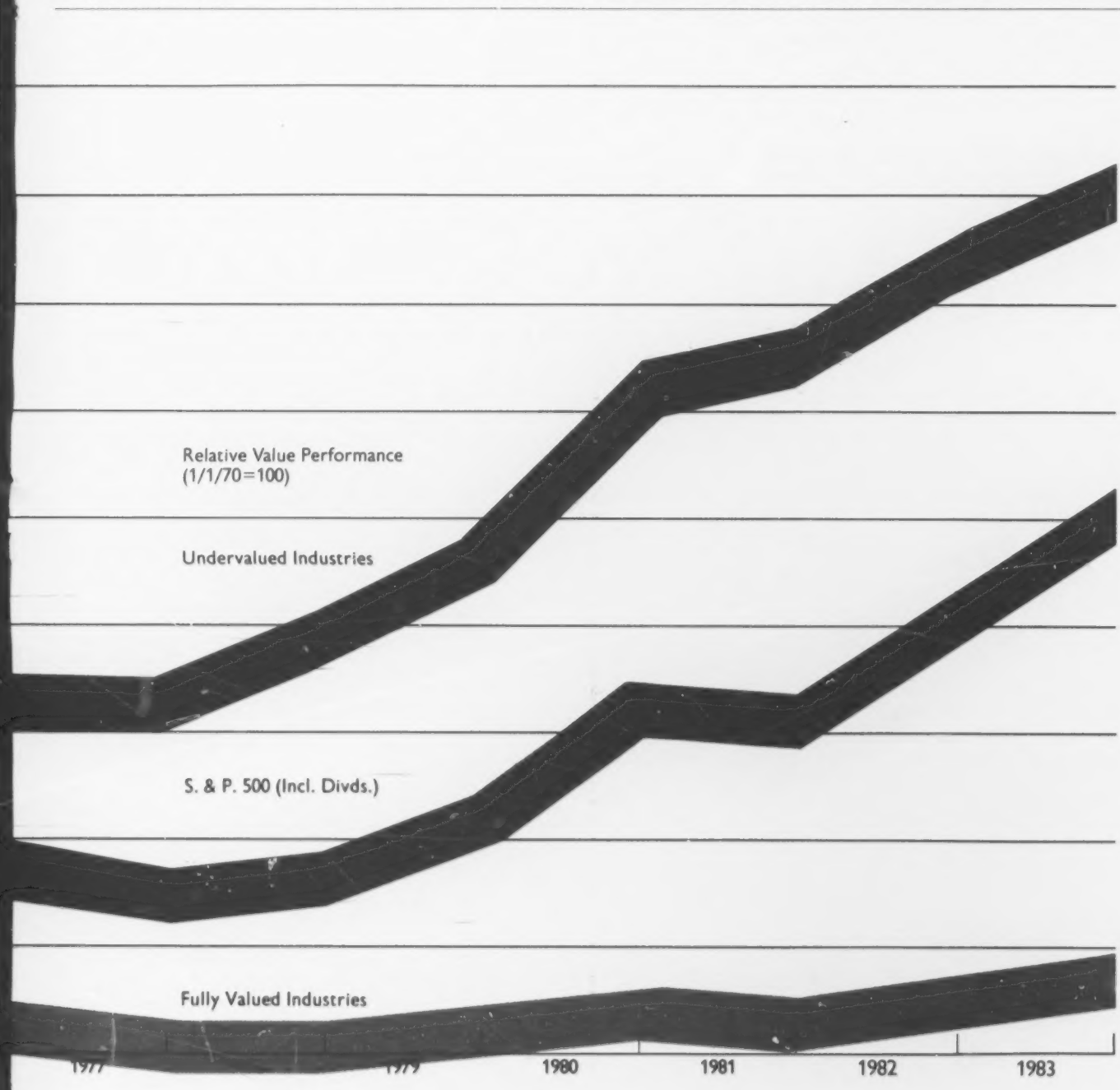
Its fixed-income strategy focuses on interest rate anticipation and sector analysis.

As of Jan. 1, the asset mix was 24% stocks, 63% bonds, 12% cash, 0.8% equity real estate and 0.2% mortgages.

Clients include Oklahoma Public Employees Retirement System, Noble Foundation, Oklahoma Gas & Electric and Shriners Hospitals.

Tom J. Thompson, senior vice president, is the chief investment officer; and Edward Ludacer, vice president, is the client contact.

Pensions & Investment Age's June 25 issue will contain a directory of international investment advisers.



Industry Valuation Assumptions

1. Group performance is based on equal hypothetical investments in each industry at the start of each quarter (starting in 1975 and at the beginning of each year before that) and excludes transactions costs. It assumes that all securities in any industry which was no longer undervalued at the start of the measuring period were eliminated from the portfolio at the end of the prior period.
2. Industry price performance is based on price changes for all the companies in each group, weighted by their market capitalization.
3. Performance data prior to 1975 are based on simulation of the valuation methodology and not on actual earnings forecasts for those years.

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Profiles

First Investors Asset Management Co. Inc.

120 Wall St., New York, N.Y. 10005; (212) 825-5460

Total assets managed	$1,077,000,000
Tax-exempt assets managed:	
Total	$53,000,000
Fully discretionary	$53,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	4

First Investors Asset Management, with more than $1 billion of discretionary assets under management in high-yield/low-rated securities, is the leading factor in the management of these investment instruments.

Specifically, the firm's size provides it with unique opportunities in the inefficient marketplace.

Other areas of expertise include bankruptcies and reorganizations, convertibles, units and private placements in high-yield securities.

As of Jan. 1, the asset mix was 12% stocks, 85% bonds and 3% cash.

Clients include the World Bank and Finsbury Group Ltd.

Mark R. Shenkman is president and chief investment officer; Barbara Justiz, director of marketing, is the client contact.

First Kentucky Co.

P.O. Box 36010, Louisville, Ky. 40233; (502) 581-4050

Total assets managed	$1,021,000,000
Tax-exempt assets managed:	
Total	$1,021,000,000
Fully discretionary	$1,019,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	44
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	3

First Kentucky Co.'s equity approach is stock selection oriented: a bottom-up approach. Emphasis is on below-average P/Es with higher than average growth prospects.

The fixed-income objective is to be basically fully invested most of the time with movement along the curve and a continuous search for, and movement into, relatively undervalued credit instruments.

As of Jan. 1, the asset mix was 61% stocks, 35% bonds and 4% cash.

Irvin W. Quesenberry Jr., vice president, is chief investment officer; John Yost, vice president, is client contact.

First Manhattan Co.

437 Madison Ave., New York, N.Y. 10022; (212) 832-4400

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$970,000,000
Fully discretionary	$970,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	100
Types of accounts managed	CF
No. of portfolio managers	5
Size of research staff	16

First Manhattan Co. looks for equity investments with strong balance sheets, exceptional profitability and understandable businesses. It buys below average multiples and holds positions for long-term performance with low risk. It does not manage fixed-income accounts.

As of Jan. 1, the tax-exempt asset mix was 85% stocks and 15% cash.

Clients include GTE, U S WEST, Sony Corp. and Stanadyne.

David S. Gottesman, managing partner, is chief investment officer; Harold M. Newman, senior vice president, is client contact.

First National Bank of Atlanta

P.O. Box 4148, Atlanta, Ga. 30302; (404) 588-5160

Total assets managed	$2,500,000,000
Tax-exempt assets managed:	
Total	$1,900,000,000
Fully discretionary	$950,000,000
Master trust assets	$110,000,000
Master custodian assets	$1,200,000
Real estate assets managed	$25,000,000
International assets managed	$3,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	442
Types of accounts managed	CEFG
No. of portfolio managers	11
Size of research staff	5

The First National Bank of Atlanta is mainly an equity manager. It places special emphasis on timberland investment for retirement plans.

As of Jan. 1, the asset mix was 80% stocks and 20% bonds.

Joseph H. Waterfill is chief investment officer; Theodore P. Brackman, vice president, is client contact.

First National Bank of Cincinnati

Fifth and Walnut Streets, Cincinnati, Ohio 45202; (513) 632-4588

Total assets managed	$1,431,000,000
Tax-exempt assets managed:	
Total	$381,000,000
Minimum separate account	0
Tax-exempt clients	427
Types of accounts managed	CEF
No. of portfolio managers	11
Size of research staff	5

First National Bank of Cincinnati's equity approach focuses on sector rotation and quantitative modern portfolio theory. For fixed-income, the bank uses a passive approach with interest rate anticipation, sector analysis and a maturity mix.

As of Jan. 1, its asset mix was 55% stocks, 40% bonds and 5% cash.

Clients include Coca-Cola Bottling Corp. (Cincinnati), Gibson Greeting Cards, Greater Cincinnati Brewery Workers Union and Sawbrook Steel Casting Co.

Harold A. Klink, vice president and trust officer, is chief investment officer; Thomas J. Lakin, vice president and trust officer, is client contact.

First National Bank of Commerce

210 Baronne St., P.O. Box 60279, New Orleans, La. 70160; (504) 561-1653 or 561-1808

Total assets managed	$265,000,000
Tax-exempt assets managed:	
Total	$145,000,000
Fully discretionary	$145,000,000
Minimum separate account	$500,000
Tax-exempt clients	150
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	3

A balanced manager, First National Bank of Commerce looks for growth stocks in its equity approach and uses interest rate anticipation in its fixed-income strategy.

As of Jan. 1, its asset mix was 50% stocks, 40% bonds and 10% cash.

Clients include Ochsner Clinic, Public Grain Elevator of New Orleans and George Engine Co.

Alois S. Jurcik, vice president, is chief investment officer; John A. Rodgers, senior vice president, is client contact.

First National Bank of Kansas City

10th and Baltimore Streets, P.O. Box 38, Kansas City, Mo.; (816) 221-2800

Total assets managed	$1,486,000,000
Tax-exempt assets managed:	
Total	$377,000,000
Fully discretionary	$743,000,000
Master trust assets	$272,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	305
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	3

FNB Kansas City uses a top-down approach to equity investing in combination with market timing, equity valuation and momentum studies. The balanced manager uses a top-down approach to fixed-income investing along with technical analysis, sector analysis and market timing decisions.

As of Jan. 1, the asset mix was 40% stocks, 40% bonds and 20% cash.

Steven N. Palmer, senior vice president, is the chief investment officer; William T. Marks, vice president, is the client contact.

First National Bank of Maryland

Trust Division, P.O. Box 1596, Baltimore, Md. 21203; (301) 244-4600

Total assets managed	$990,000,000
Tax-exempt assets managed:	
Total	$515,000,000
Fully discretionary	$400,000,000
Minimum separate account	$200,000
Tax-exempt clients	300
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	3

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*Registered investment adviser under the Investment Advisers Act of 1940.

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FNB of Maryland focuses on growth stocks and market timing in equity evaluation in assessing when to commit to the overall market and among various categories. The balanced manager looks for undervalued opportunities throughout the yield curve in its fixed-income strategy.

As of Jan. 1, the asset mix was 45% stocks, 40% bonds and 15% cash.

Clients include Montgomery County Board of Education, Maryland State Accident Fund, Baltimore Equitable Society and Waverly Press.

M. Elliott Randolph Jr., senior vice president, is the chief investment officer and the client contact.

The First National Bank of Shreveport

P.O. Box 21116, Shreveport, La. 71154; (318) 222-2211

Total assets managed	$184,000,000
Tax-exempt assets managed:	
Total	$71,000,000
Fully discretionary	$69,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$25,000
Tax-exempt clients	238
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	4

The First National Bank of Shreveport uses market timing to outperform the S&P 500 on a total rate of return basis by one to two percentage points compounded during a three- to five-year period.

Its fixed-income approach uses interest rate anticipation to achieve a rate of return on assets consistent with the needs and characteristics of the participants during a full market cycle.

Its asset mix is 36.74% stocks, 54% bonds, 0.2% cash, .06% equity real estate, 2% mortgages, and 7% short-term (money market).

Clients include the state of Louisiana, city of Shreveport, Shriners Hospitals and Centenary College of Louisiana.

Nicholas J. Roppolo, senior vice president and trust officer, is chief investment officer. Alex R. Ivins, vice president and trust officer, is client contact.

First National Bank of Toledo

606 Madison Ave., Toledo, Ohio 43603; (419) 259-6952

Total assets managed	$450,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$50,000,000
Minimum separate account	0
Types of accounts managed	CF
No. of portfolio managers	5

First National Bank of Toledo uses a bottom up, value approach for selecting equities. Its fixed-income approach uses interest rate anticipation and sector analysis.

As of Jan. 1, its asset mix was 50% stocks, 40% bonds and 10% cash.

Charles W. Porter, vice president, is chief investment officer and client contact.

The First National Bank & Trust Co. of Tulsa

Post Office Box One, Tulsa, Okla. 74193; (918) 586-5360

Total assets managed	$650,000,000
Tax-exempt assets managed:	
Total	$225,000,000
Fully discretionary	$225,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	130
Types of accounts managed	CEFGJ
No. of portfolio managers	4

The First National Bank and Trust Co. of Tulsa's equity approach emphasizes individual stock selection and industry sector rotation through disciplined buy/sell decisions. The bank's goal, during a market cycle, is to achieve returns greater than the S&P 500 and the inflation rate.

First Tulsa's active fixed-income philosophy aims at exceeding returns of the Salomon bond index, and stresses interest rate anticipation and credit rating change expectations. Selected convertible securities may be used to achieve investment goals normally not available with traditional stock and bond instruments.

Clients include Reading & Bates, Helmerich & Payne, Otasco, and Vinson Supply Co.

Bill Boedeker, vice president and senior trust investment officer, is chief investment officer. Connie Cantrell, vice president and trust officer, is client contact.

First National State Bank

550 Broad St., Newark, N.J. 07102; (201) 565-3515

Total assets managed	$1,195,000,000
Tax-exempt assets managed:	
Total	$590,000,000
Fully discretionary	$350,000,000
Minimum separate account	$250,000
Tax-exempt clients	425
Types of accounts managed	CEFGJ
No. of portfolio managers	9

First National State Bank actively manages equities for total return with clearly defined purchase and sale parameters. It actively trades fixed-income issues to enhance quality, maturity and yield.

The firm offers options.

The tax-exempt asset mix as of Jan. 1 was 30% stocks, 55% bonds,

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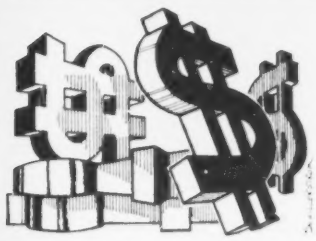


and 15% cash.

Richard J. Nicholson, vice president and senior trust investment officer, is chief investment officer. Michael B. Watson, vice president, is client contact.

First of America Bank Corp.

108 E. Michigan Ave., Kalamazoo, Mich. 49007; (616) 383-9207

Total assets managed	$1,100,000,000
Tax-exempt assets managed:	
Total	$275,000,000
Fully discretionary	$275,000,000
Minimum separate account	$500,000
Tax-exempt clients	860
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	3

First of America Bank Corp. follows a systematic and disciplined equity approach that uses its proprietary VEFT model. VEFT analyzes quantitative characteristics of a low P/E univese in terms of valuation, earnings, momentum, fundamentals and technical characteristics.

The bank's active fixed-income strategy emphasizes internal analysis based on objective screening of securities. Screening variables includes analysis of the maturity of yield curve, economic sector, issue selection, duration and simulation.

As of Jan. 1, the asset mix was 60% stocks and 40% bonds.

Clients include Kalamazoo Foundation, Gogebic County Pension Fund, Borgess Hospital and Greater Lansing Foundation.

Samuel G. Stone, vice president and director-trust investments, is the chief investment officer; Philip P. Dewtsch, vice president and director-trust marketing and new business development, is the client contact.

First Pacific Advisors Inc.

10301 W. Pico Blvd., Los Angeles, Calif. 90064; (213) 277-4900

Total assets managed	$1,182,000,000
Tax-exempt assets managed:	
Total	$839,000,000
Fully discretionary	$839,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	28
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	1

First Pacific Advisors is a value-oriented bottom-up equity manager that emphasizes individual companies and their fundamental values relative to price disciplines that avoid premium prices. The firm uses options.

As of Jan. 1, the asset mix was 64% stocks, 11% bonds, 18% cash and 7% convertibles.

Clients include Rockwell International, GTE, McGraw-Hill and Betus.

George H. Michaelis, president and chief executive officer, is the chief investment officer; Lawrence P. McNeil, senior vice president, is the client contact.

First Pennsylvania Bank Trust & Investment Group

15th and Chestnut Sts., Philadelphia, Pa. 19101; (215) 786-7946

Total assets managed	$3,774,000,000
Tax-exempt assets managed:	
Total	$1,989,000,000
Fully discretionary	$995,000,000
Master trust assets	$1,109,000,000
Master custodian assets	$11,091,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	644
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	8

First Pennsylvania employs an opportunistic yet consistently risk-averse approach to equity investing. For fixed income, First Pennsylvania protects principal and maximizes returns by shifting assets within market sectors, assuming either bullish or bearish positions via the bank's assessment of key economic and monetary indicators.

As of Jan. 1, the asset mix was 53% stocks, 33% bonds, 13% cash and 1% equity real estate.

Clients include the Commonwealth of Pennsylvania, General Accident Insurance, Thomas Jefferson University and Penwalt.

Courtney O. Anderson is senior vice president and chief investment officer; James F. McHale, senior vice president, is the client contact.

First Source Corp.

P.O. Box 1602, South Bend, Ind. 46634; (219) 236-2772

Total assets managed	$397,000,000
Tax-exempt assets managed:	
Total	$143,000,000
Fully discretionary	$128,000,000
Master custodian assets	$5,000,000
Minimum separate account	$500,000
Tax-exempt clients	600
Types of accounts managed	CEF
No. of portfolio managers	4

First Source is a top-down, fundamental money manager that generates its own economic forecasts, asset allocation decisions and sector selections, incorporating Graham & Dodd and market-timing strategies.

For fixed income, the firm uses its own economic forecasts, anticipates interest rate directions and adjusts maturities.

First Source uses options.

As of Jan. 1, the asset mix was 55% stocks, 35% bonds and 10% cash.

Robert J. Morgan, vice president and senior investment officer, is the chief investment officer; James P. Coleman, vice president and senior trust officer, is the client contact.

First Tennessee Investment Management Inc.

P.O. Box 84, 165 Madison Ave., Memphis, Tenn. 38101; (901) 523-5651

Total assets managed	$1,546,000,000
Tax-exempt assets managed:	
Total	$863,000,000
Fully discretionary	$863,000,000
Minimum separate account	0
Tax-exempt clients	1,052
Types of accounts managed	CEFG
No. of portfolio managers	11
Size of research staff	6

The basis of the equity investment strategy of First Tennessee Investment Management is to buy issues representing the economic and industrial growth sectors of the economy. First Tennessee uses options.

The balanced manager's fixed-income strategy is to protect principal values by varying maturities within portfolios and to obtain satisfactory long-term rates of return while preserving purchasing power.

As of Jan. 1, the asset mix was 45% stocks, 45% bonds and 10% cash.

Clients include Memphis State University, City of Memphis, St. Joseph Hospital and Shelby County.

William V. Pruett, president, is the chief investment officer; Stephen T. Ashby, vice president, is the client contact.

First Trust Co. of St. Paul

332 Minnesota St., St. Paul, Minn. 55101; (612) 291-5100

Total assets managed	$4,360,000,000
Tax-exempt assets managed:	
Total	$1,625,000,000
Fully discretionary	$1,625,000,000
Master trust assets	$2,050,000,000
Master custodian assets	$330,000,000
Real estate assets managed	$75,000,000
Minimum separate account	0
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	9

First Trust Co. of St. Paul determines equity portfolio candidates by drawing investment inferences from broad socioeconomic phenomena. Fundamental analysis and economic forecasting are used to screen for specific selections.

The balanced manager's expected fixed-income returns and risks are quantified across maturities and sectors, with emphasis where the trade-off appears most favorable.

First Trust uses options, stock index futures and fixed-income futures.

As of Jan. 1, the asset mix was 50% stocks, 40% bonds and 10% cash.

Richard P. Halverson, executive vice president, is the chief investment officer; Roger R. Schaeffer, vice president, is the client contact.

First Union National Bank

Suite 1200 (TRST-16), First Union Plaza, Charlotte, N.C. 28288; (704) 374-6152

Total assets managed	$1,559,000,000
Tax-exempt assets managed:	
Total	$885,000,000
Fully discretionary	$777,000,000
Master trust assets	$45,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	862
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	4

First Union National uses low P/E and Graham & Dodd equity strategies. It identifies undervalued stocks by blending its research staff talents with several internally developed computer tools. First Union's fixed-income approach centers on a model to anticipate interest rate movements and a quality screen to identify upgrade candidates.

First Union National uses options.

As of Jan. 1, the asset mix was 40% stocks, 40% bonds and 20% cash.

Clients include Chanel, Trailways, Standard Products and Florida State University.

William R. Hackney III, trust investment department head, is the chief investment officer; Peter R. Nagle, vice president and trust officer, is the client contact.

First Wilshire Securities Management Inc.

1 Wilshire Building, Suite 1400, Los Angeles, Calif. 90017; (213) 485-8904

Total assets managed	$181,000,000
Tax-exempt assets managed:	
Total	$148,000,000
Fully discretionary	$148,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	13
Types of accounts managed	CFJ
No. of portfolio managers	2
Size of research staff	5

First Wilshire Securities is an equity manager that uses a Graham & Dodd strategy, buying companies that are neither well-known nor fully valued and selling them when they are. The firm uses covered options.

As of Jan. 1, the asset mix was 99.39% stocks, 0.06% bonds and 0.55% cash.

Clients include DeRance, Scripps Memorial Hospital, Pathologists Clinical Laboratories and Carlton Forge Works.

Fred Astman and Noble Trenham, co-portfolio managers, are the chief investment officers; Edward C. Story is the client contact.

First Wisconsin National Bank—Madison

P.O. Box 7900, Madison, Wis. 53707; (608) 252-4152

Total assets managed	$1,001,000,000
Tax-exempt assets managed:	
Total	$500,000,000
Fully discretionary	$500,000,000
Master trust assets	$65,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	500
Types of accounts managed	CEF
No. of portfolio managers	7

First Wisconsin National Bank — Madison's equity strategy focuses on companies that have strong balance sheets, earnings-per-share growth equal to or greater than the S&P 500 and that are selling at moderate P/E ratios.

For fixed income, the bank invests in high-grade short- and intermediate-term bonds (maximum maturity of six years) for high income and safety of principal.

As of Jan. 1, the asset mix was 41% stocks, 36% bonds, 19% cash, 2% equity real estate and 2% mortgages.

Clients include the Wisconsin State Carpenters Pension, American Family Insurance, Oscar Mayer and Briggs & Stratton.

John W. Thompson, first vice president, is the chief investment officer; John C. Maynard, vice president, is the client contact.

First Wisconsin National Bank of Oshkosh

111 N. Main, Oshkosh, Wis. 54903; (414) 424-4270

Total assets managed	$105,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$25,000,000
Real estate assets managed	$1,500,000
Minimum separate account	$100,000
Tax-exempt clients	50
Types of accounts managed	CEFJ
No. of portfolio managers	1

First Wisconsin-Oshkosh's equity approach is best described as growth stock, low P/E. Its fixed-income approach is passive.

As of Jan. 1, the tax-exempt asset mix was 60% stocks, 25% bonds, 10% cash and 5% equity real estate.

Gerald A. Riskex, assistant vice president, is chief investment officer. James J. Mueller, assistant vice president, is client contact.

First Wisconsin Trust Co.

777 E. Wisconsin Ave., P.O. Box 2054, Milwaukee, Wis. 53201; (414) 765-5000

Total assets managed	$2,184,000,000
Tax-exempt assets managed:	
Total	$1,184,000,000
Fully discretionary	$1,184,000,000
Master trust assets	$1,283,000,000
Master custodian assets	$819,000,000
Real estate assets managed	$1,800,000
Minimum separate account	$1,000,000
Tax-exempt clients	631
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	6

First Wisconsin Trust emphasizes emerging growth stocks and sector rotation in its equity strategy. The firm interprets "sector rotation" as meaning purchasing stocks that will have high relative earnings on a six- to 18-month time horizon as the economy moves through the different stages of each economic cycle.

Immunization, dedication and contingent immunization are offered in its fixed-income management, where cash reserves range up to 50% and average-weighted maturity ranges between two and nine years. Sectors are emphasized/de-emphasized given yield spread analysis.

As of Jan. 1, the asset mix was 55% stocks, 34% bonds, 10% cash and 1% equity real estate.

Clients include Briggs & Stratton, Dayton Hudson, Bell System and Wisconsin Power & Light.

Philip R. Smith is president and chief investment officer; A. Paul Jones, vice president, is the client contact.

Fischer, Francis, Trees & Watts Inc.

717 Fifth Ave., New York, N.Y. 10022; (212) 350-8050

Total assets managed	$5,340,000,000
Tax-exempt assets managed:	
Total	$5,007,000,000
Fully discretionary	$5,007,000,000
Minimum separate account	$40,000,000
Tax-exempt clients	27
Types of accounts managed	CEF
No. of portfolio managers	12

Fischer, Francis, Trees & Watts Inc., solely a fixed-income manager, uses interest rate anticipation in its investment management approach.

The manager is 100% invested in fixed income. The firm does not differentiate the two areas of fixed income, namely cash and bonds.

The firm offers options and fixed-income futures.

Clients include AT&T, IBM, Yale University and World Bank.

Richard G. Fischer, president, is chief investment officer. John H. Watts, chairman, is client contact.

Fiske Capital Management

Mutual Bank Building, 8 Grove St., Suite 200, Wellesley, Mass. 02181; (617) 237-0010

Total assets managed	$74,000,000
Tax-exempt assets managed:	
Total	$58,000,000
Fully discretionary	$56,000,000
Minimum separate account	$500,000
Tax-exempt clients	89
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

Fiske Capital Management focuses on flexible asset allocation between growth-equity and money market funds. It purchases growth-equity no-load funds with high upside betas in rising equity markets. It does not "predict" market direction, but coordinates with it.

The firm purchases money market funds when the equity markets are unfavorable; it does not use bonds.

As of Jan. 1, the asset mix was 50% growth-equity funds and 50% money market funds.

Clients include Arthur D. Little, Mutual Bank for Savings, Federal Distillers and INC. Magazine.

Edwin F. Thrall, managing principal, is the chief investment officer and the client contact.

The Fixed Income Group

1 Commerce Place, Nashville, Tenn. 37219; (615) 749-3628

Total assets managed	$330,000,000
Tax-exempt assets managed:	
Total	$330,000,000
Fully discretionary	$330,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	14
Types of accounts managed	CEGJ
No. of portfolio managers	3
Size of research staff	1

Fixed Income Group adjusts the maturity structure of client portfolios based on its assessment of future interest rate trends. Decisions are based on the firm's proprietary economic analysis called Business Cycle Dynamics.

As of Jan. 1, the asset mix was 76% bonds and 24% cash.

Clients include Tennessee Valley Authority, Joy Manufacturing, Major League Baseball Players Association and Paper Industry Union-Management Pension Fund.

Weaver C. Barksdale, president, is the chief investment officer; John E. McDowell, senior vice president, is the client contact.

FJW Financial Management

1001 S.W. Fifth St., Suite 1919, Portland, Ore. 97204; (503) 226-1444

Total assets managed	$460,000,000
Tax-exempt assets managed:	
Total	$285,000,000
Fully discretionary	$285,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	88
Types of accounts managed	CEFGJ
No. of portfolio managers	5

The top-down equity approach of FJW Financial Management begins with deciding if the company wants any stocks under current conditions. Favored industries or their leading companies are then determined through a value-oriented analysis.

On the fixed-income side, FJW uses credit studies on worldwide, domestic, corporate and individual levels to determine flow of funds. From these studies, it determines the length of acceptable maturities and the types of credit it will use.

The firm uses options.

As of Jan. 1, the asset mix was 28% stocks, 56% bonds, 11% cash, 3% real estate equity and 2% mortgages.

Clients include Oregon-Washington Carpenters Pension Trust Fund, Easter Seal Society of Oregon, University of Oregon Health Science Center and Oregon Dental Associaton.

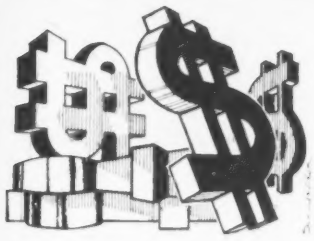
Norbert J. Wellman is the chief investment officer; H. Joseph Ferguson is the client contact.

Fleet National Bank

111 Westminster St., Providence, R.I. 02903; (401) 278-6616

Total assets managed	$1,900,000,000
Tax-exempt assets managed:	
Total	$1,200,000,000
Fully discretionary	$400,000,000
Master trust assets	$15,000,000
Minimum separate account	$300,000
Tax-exempt clients	165
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	6

Fleet National Bank, a balanced manager, uses growth stock and sec-



tor rotation in its equity approach. Interest rate anticipation and sector analysis determine the fixed-income strategy.

As of Jan. 1, the asset mix was 55% stocks, 35% bonds and 10% cash.

Clients include state of Rhode Island, city of Providence, Roger Williams Hospital and A.T. Cross Co.

Gerald J. Fogarty Jr., vice president, is the chief investment officer; Stephen T. Carney, trust officer, is the client contact.

Folger Nolan Flemming Douglas Inc.

725 15th St. N.W., Washington, D.C. 20005; (202) 626-5220

Total assets managed	$62,000,000
Tax-exempt assets managed:	
Total	$15,000,000
Fully discretionary	$14,000,000
Minimum separate account	0
Tax-exempt clients	24
Types of accounts managed	CJ
No. of portfolio managers	3
Size of research staff	2

Folger Nolan Flemming Douglas emphasizes quality and consistency of earnings and dividend growth in its equity selection. Timing of purchases and sales is based primarily on a fundamental valuation approach.

The balanced manager bases fixed-income selection on liquidity needs and the most advantageous segment of the yield curve. There is a minimized credit risk and concentration on interest-rate outlook.

As of Jan. 1, the asset mix was 60% stocks, 35% bonds and 5% cash.

Lillian H. Blucher, senior vice president, is the chief investment officer and the client contact.

Forstmann-Leff Associates

Park Avenue Plaza, 55 E. 52nd St., New York, N.Y. 10055; (212) 644-9888

Total assets managed	$4,961,000,000
Tax-exempt assets managed:	
Total	$4,931,000,000
Fully discretionary	$4,869,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	124
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	4

Forstmann-Leff Associates has a risk-averse, capital-preservation and asset allocation driven approach to equity management. The firm's aim is significant participation in up-market cycles and a defensive reallocation of capital assets to resist erosion in down market cycles.

The fixed-income approach emphasizes interest rate anticipation with restructuring of maturity distribution being the dominant technique. Investments are made only in government and agency issues and in corporate bonds rated at least AA.

As of Jan. 1, the asset mix was 72.5% stocks, 6.8% bonds and 20.7% cash.

Clients include Ashland Oil, GTE, Honeywell and Pfizer.

J. Anthony Forstmann, Joel B. Leff, and William F. Harnisch, managing directors, are the chief investment officers. The client contacts are Peter A. Lusk, vice president and director of marketing (corporate clients), and J. Richard Walton, vice president (Taft-Hartley and municipal employees).

Fort Hill Investors Management Corp.

1 McKinley Square, Boston, Mass. 02109; (617) 723-6500

Total assets managed	$520,000,000
Tax-exempt assets managed:	
Total	$476,000,000
Fully discretionary	$476,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	87
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	1

Fort Hill Investors is an eclectic manager that works from a bottom-up equity approach and invests without bias where it perceives opportunity for appreciation.

The balanced manager's fixed-income strategy is based on forecasts of inflation and interest rates. Its principal emphasis is on asset allocation among short-term cash equivalents and the intermediate- or long-term sectors.

As of Jan. 1, the asset mix was 42% stocks, 27% bonds and 31% cash.

Clients include College of William and Mary, Guy F. Atkinson Co. of California, American Broadcasting Cos. and Massachusetts Bay Transportation Authority Retirement Fund.

William D. Benjes Jr., president, is chief investment officer; Robert F. Croce, vice president, is client contact.

Forum Investment Counselors

600 W. Main St., Louisville, Ky. 40202; (502) 589-2600

Total assets managed	$17,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$12,000,000
Minimum separate account	$100,000
Tax-exempt clients	45
Types of accounts managed	CGJ

Forum Investment Counselors restricts its investments to top-performing growth and aggressive-growth no-load mutual funds. Its asset allocations are changed periodically between these equity funds and government-only money market funds.

As of Jan. 1, the asset mix was 25% stocks and 75% cash. Austin Pryer, president, is chief investment officer; Doug Van Meter, executive vice president, is client contact.

Fourth National Bank & Trust

100 N. Broadway, Wichita, Kan. 67202; (316) 261-4562

Total assets managed	$765,000,000
Tax-exempt assets managed:	
Total	$383,000,000
Fully discretionary	$383,000,000
Real estate assets managed	$1,300,000
Minimum separate account	$1,000,000
Tax-exempt clients	250
Types of accounts managed	CEFGJ
No. of portfolio managers	7

For its equity approach, the Fourth National Bank & Trust Co. forecasts macroeconomic conditions and translates them into a market exposure level.

Economic sectors and industries are selected, and finally, individual securities.

For its fixed-income approach macoeconomic trends are analyzed and used to forecast secular changes in the structure of interest rates. These forecasts are translated into a maturity structure decision.

As of Jan. 1, the tax-exempt asset mix was 37% stocks, 57% bonds, 4% cash, 1% equity real estate, 0.5% mortgages and 0.5% miscellaneous interest-bearing investment vehicles.

Clients include Beech Aircraft, Cessna Aircraft, Wisconsin Public Service Co. and the City of Wichita Employees.

David L. Strohm, senior vice president, is chief investment officer. Marc A. Vincent, assistant vice president, is client contact.

Fraser Management Associates

Box 494, Burlington, Vt. 05402; (802) 658-0322

Total assets managed	$52,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Fully discretionary	$8,000,000
Minimum separate account	$75,000
Tax-exempt clients	15
Types of accounts managed	CE
No. of portfolio managers	2

Fraser Management Associates is a contrarian equity manager only.

Its tax-exempt asset mix as of Jan. 1 was 95% stocks and 5% bonds.

James Fraser is chief investment officer and client contact.

Froley, Revy Investment Co.

10900 Wilshire Blvd., Suite 1050, Los Angeles, Calif. 90024; (213) 208-4938

Total assets managed	$265,000,000
Tax-exempt assets managed:	
Total	$215,000,000
Fully discretionary	$215,000,000
International assets managed	$2,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	1

Froley, Revy Investment Co. uses top-down economic research to identify favorable industry sectors and subsectors for investment. It uses bottom-up research on the universe of convertible bonds. The firm specializes in convertibles.

As of Jan. 1, its asset mix was 46% stocks, 46% convertible bonds and 8% cash.

Clients include CBS, United Presbyterian Church, state of Oregon and the Tribune Co.

George A. Froley III is chief investment officer; Thomas Revy is client contact.

Frontier Capital Management

286 Congress St., Boston, Mass. 02210; (617) 426-8880

Total assets managed	$823,000,000
Tax-exempt assets managed:	
Total	$795,000,000
Fully discretionary	$795,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	31
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	3

Frontier Capital Management seeks to obtain the greatest earnings growth at the lowest possible price while striving to anticipate change rather than react to current developments.

For fixed-income, it invests exclusively in U.S. government notes that mature in no more than 10 years.

As of Jan. 1, the asset mix was 92% stocks, 0.3% bonds and 7.7% cash.

Clients include Hughes Aircraft, Alcoa, GTE and Columbia Gas.

President J. David Wimberly is the chief investment officer and the client contact.

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GAMCO Investors Inc.

40 Wall St., New York, N.Y. 10005; (212) 943-4955

Total assets managed	$231,000,000
Tax-exempt assets managed:	
Total	$166,200,000
Fully discretionary	$166,200,000
Tax-exempt clients	57
No. of portfolio managers	6
Size of research staff	3

GAMCO Investors, an equity manager, seeks asset-rich companies selling at a fraction of real asset value with a potential 50% return in two years.

As of Jan. 1, its tax-exempt asset mix was 88% stocks and 12% cash.

Clients include Honeywell Inc., Transamerica Corp., the Masters, Mates & Pilots Plans, and Kay Corp.

Mario J. Gabelli, president, is chief investment officer. Douglas R. Jamieson, vice president, is client contact.

Gannett, Welsh, Ives & Kotler

10 Liberty Square, Boston, Mass. 021109; (617) 482-8900

Total assets managed	$224,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	8
Types of accounts managed	CE
No. of portfolio managers	4

Gannett, Welsh, Ives & Kotler Inc. uses sector rotation in its equity approach, focusing on superior relative and absolute earnings progress in stock selection.

Sector analysis is used in its fixed-income approach.

Its asset mix as of Jan. 1 was 41.6% stocks, 49.6% bonds and 8.8% cash.

Jackson O. Welsh, president, is chief investment officer; Kenneth A. Ives Jr., vice president, is client contact.

Gardner and Preston Moss

1 Winthrop Square, Boston, Mass. 02110; (617) 482-6500

Total assets managed	$1,889,000,000
Tax-exempt assets managed:	
Total	$1,162,000,000
Fully discretionary	$1,159,000,000
Minimum separate account	$300,000
Tax-exempt clients	345
Types of accounts managed	CEFGJ
No. of portfolio managers	18
Size of research staff	2

Gardner and Preston Moss varies its asset mix based on economic, technical and valuation factors and uses industry-specific key variables and relative valuation measures to vary sector weightings.

Fixed-income emphasis is on protecting principal and providing consistent returns. It varies maturity based on interest-rate outlook and yield-curve valuation, changing sector and quality based on relative value.

On Jan. 1, the asset mix was 56% stocks, 28% bonds and 16% cash.

Clients include the Museum of Fine Arts, Massachusetts Bay Transportation Authority, Washington Metropolitan Transit Authority and the Boston Globe.

G. Kinnear Pash, senior vice president, is chief investment officer; Margaret Messenger, manager-marketing administration, is client contact.

Garrison, Keogh & Co.

250 Park Ave., New York, N.Y. 10017; (212) 557-7440

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$126,000,000
Fully discretionary	$126,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	20
Types of accounts managed	CEFJ
No. of portfolio managers	3

Garrison, Keogh & Co. relies strongly on fundamental analysis for its equity strategy. Also employed are technical and momentum studies to determine relative value and risk factors. Possible equity investments are compared with one another and with debt alternatives for optimal total return. The firm uses options.

Its fixed-income approach includes factors such as macroeconomic indexes, technical analysis, supply and demand of securities and perceived changes in fiscal and monetary policies.

Clients include ILGWU, Princeton Day School, Cowles Media and Jonathan Logan.

William G. Garrison, president, is chief investment officer; William M. Carey, portfolio manager, is client contact.

Gateway Investment Advisers Inc.

1120 Carew Tower, Cincinnati, Ohio 45202; (513) 621-7774

Total assets managed	$140,000,000
Tax-exempt assets managed:	
Total	$61,000,000
Fully discretionary	$61,000,000
Tax-exempt clients	45
Types of accounts managed	CEF
No. of portfolio managers	3

Gateway Investment Advisers Inc.'s equity selection focuses on low P/E, strong earnings momentum and relative price strength. A large equity universe is analyzed using strict quantitative guidelines. The firm specializes in conservative options and stock index futures strategies.

In its fixed-income strategy, Gateway monitors closely the behavior of short-term interest rates. Significant momentum changes are quantifiable and ultimately will affect long-term rates and determine maturity allocation. Fixed-income futures are used.

Its asset mix is 94% stocks, 4% bonds, and 2% cash.

Clients include Armstrong Rubber, Stauffer Chemical, U.S. Shoe and Hotel & Restaurant Employees Union.

Walter G. Sall, president, is chief investment officer; Peter W. Thayer, executive vice president, is client contact.

Geewax, Terker & Co.

3401 Market St., Suite 318, Philadelphia, Pa. 19104; (215) 382-2625

Total assets managed	$90,000,000
Tax-exempt assets managed:	
Total	$90,000,000
Fully discretionary	$90,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	7
Types of accounts managed	CE
No. of portfolio managers	2

Geewax, Terker & Co. is an equity manager employing sector rotation.

As of Jan. 1, its asset mix was 98% stocks and 2% cash.

Clients include Alcoa, Boeing, Amherst College, and Xerox.

John J. Geewax, general partner, is client contact and chief investment officer.

General American Investors Co. Inc.

330 Madison Ave., New York, N.Y. 10017; (212) 916-8400

Total assets managed	$1,320,000,000
Tax-exempt assets managed:	
Total	$1,061,000,000
Fully discretionary	$1,061,000,000
International assets managed	$83,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	20
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	6

General American Investors uses a bottom-up approach with emphasis on individual stock selection based on fundamental research.

As of Jan. 1, the asset mix was 94% stocks and 6% cash.

Malcolm B. Smith, president, is chief investment officer and client contact.

General American Life Insurance Co.

700 Market St., St. Louis, Mo. 63101; (314) 231-1700

Total assets managed	$2,500,000,000
Tax-exempt assets managed:	
Total	$780,000,000
Fully discretionary	$780,000,000
Real estate assets managed	$495,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	900
Types of accounts managed	CGJ
No. of portfolio managers	4

General American Life stresses quality in its equity approach and buys large-cap stocks, relying on a top-down approach to identify attractive industries and companies within those industries.

The fixed-income approach concentrates on intermediate-term bonds of A quality or better, with the objective of outperforming the Salomon Bros. long-term bond index during an entire interest rate cycle.

William R. Mead, vice president and treasurer, is chief investment officer; Ronald O. Drury, pension investment marketing vice president, is client contact.

Genesee Bank, Trust & Investment Management Division

1 E. First St., Flint, Mich. 48502; (313) 766-8371

Total assets managed	$412,000,000
Tax-exempt assets managed:	
Total	$113,000,000
Fully discretionary	$90,000,000
Minimum separate account	$500,000
Tax-exempt clients	160
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	2

The Genesee Bank Trust & Investment Management Division's equity approach is risk conscious and bottom-up. Potential investments are evaluated on a valuation model, earnings momentum and technical criteria.

Fixed-income portfolios are structured around a 10-year, high-quality ladder. Modifications are made for both interest-rate expectations and quality/yield differentials but alter the basic structure only moderately.

As of Jan. 1, its asset mix was 50%

stocks, 40% bonds and 10% cash.

Clients include Mott Children's Health Center, GMI Engineering and Management Institute, St. Joseph Hospital and Flint Osteopathic.

Carl A. Pohly, vice president and senior investment officer, is chief investment officer; John P. Camilli, vice president and business development officer, is client contact.

GeoCapital Investment Management

655 Madison Ave., New York, N.Y. 10021; (212) 935-0111

Total assets managed	$250,000,000
Tax-exempt assets managed:	
Total	$170,000,000
Fully discretionary	$170,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	11
Types of accounts managed	CEF
No. of portfolio managers	2

For equity management, GeoCapital Investment Management combines high technology with asset plays where values are being surfaced.

As of Jan. 1, the tax-exempt asset mix was 82% stocks, 3% bonds and 15% cash.

Clients include GTE, J.C. Penney, Ford Motor and Superior Oil.

Irwin Lieber, president, is chief investment officer. Barry Fingerhut, senior vice president, is client contact.

Gintel Equity Management

Greewich Office Park, GP-6, Greenwich, Conn. 06830; (203) 622-6400

Total assets managed	$167,000,000
Tax-exempt assets managed:	
Total	$58,000,000
Fully discretionary	$58,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	150
Types of accounts managed	CEFGJ
No. of portfolio managers	1
Size of research staff	2

Gintel Equity Management Inc. seeks opportunities in undervalued securities in which earning power appears unrecognized in security valuation. The manager is special situation-oriented and viewed as contrarians. It concentrates on a manageable number of securities rather than a broadly diversified portfolio.

If the investment environment appears to entail undue risk or uncertainty, the manager is prepared to withdraw from the stock market. Short-term money market instruments are used to protect assets and preserve capital when stock market conditions appear unfavorable.

Clients include Dayco Corp., Strick Co., University of Delaware Research Foundation and Diehl Inc.

Robert M. Gintel is chief investment officer, and Alexander L. Robinson Jr. is client contact.

Girard Bank

1 Girard Plaza, Philadelphia, Pa. 19101; (215) 585-2268

Total assets managed	$5,210,000,000
Tax-exempt assets managed:	
Total	$1,641,000,000
Minimum separate account	$500,000
Types of accounts managed	CEFG
No. of portfolio managers	7

Girard Bank is a balanced manager that focuses on stock selection and quantitative techniques in its equity approach and on interest-rate anticipation in fixed-income management.

Senior investment officers Albert E. Blum and Linn M. Morrow are the client contacts.

Glendeven Management & Research

417 S. Hill St., Los Angeles, Calif. 90013; (213) 617-7960

Total assets managed	$125,000,000
Tax-exempt assets managed:	
Total	$70,000,000
Fully discretionary	$65,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	11
Types of accounts managed	CEFJ
No. of portfolio managers	3

Glendeven Management & Research overweights attractive industries, uses cash as an aggressive investment tool, adheres to strict sales disciplines and moves quickly when the situation warrants.

It relies on interest-rate anticipation for its fixed-income portfolios.

On Jan. 1, the asset mix was 43% stocks and 57% cash.

Clients include Merle Norman, California Field Ironworkers, Rutt Steel and Press Enterprise.

Peter L. Harvie, Michael J. Papworth and Kevin Hayes are the chief investment officers; Harry B. Wilson is the client contact.

Glickenhaus & Co.

6 E. 43rd St., New York, N.Y. 10017; (212) 953-7857

Total assets managed	$1,070,000,000
Tax-exempt assets managed:	
Total	$802,000,000
Fully discretionary	$802,000,000
Minimum separate account	$4,000,000
Tax-exempt clients	67
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	3

Glickenhaus & Co.'s guiding tenet for equity management is risk consciousness. The manager evaluates risk/return tradeoff for equities and uses fixed-income cash equivalents as substitutes for equities. Strong emphasis is placed on primary research.

Its fixed-income approach is influenced by a risk-conscious style of investing in which emphasis is placed on understanding the creditworthiness of issuer and maturity risk. To form opinions about interest rates it analyzes the actions of the Federal Reserve Board and supply and demand for short- and long-term credit.

Clients include Philip Morris, ITT, Continental Telecom and Texasgulf.

Seth M. Glickenhaus Sr., partner, is chief investment officer. Connie J. Moak, partner, is client contact.

Globe Finlay Inc.

245 Park Ave., 24th Floor, New York, N.Y. 10167; (212) 557-7022

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
International assets managed	$20,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	6
Types of accounts managed	CFG
No. of portfolio managers	8

Globe Finlay Inc. concentrates portfolios in stocks and markets where local earnings-multiple valuations are justified by above-average, medium-term growth prospects.

The international manager uses options.

As of Jan. 1, its asset mix was 80% stocks and 20% cash.

Francis Finlay, president, is chief investment offier; Ralph DiFiore, senior vice president, is client contact.

Gofen and Glossberg Inc.

401 N. Michigan Ave., Chicago, Ill. 60611; (312) 828-1100

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$225,000,000
Fully discretionary	$175,000,000
Minimum separate account	$500,000
Tax-exempt clients	125
Types of accounts managed	CEFG
No. of portfolio managers	8

Gofen and Glossberg stresses a total-return concept for equities, with valuation techniques emphasizing multiple valuation related to anticipated growth rates.

Its fixed-income approach focuses on a maximum rate of return consistent with minimal volatility of principal values.

As of Jan. 1, its asset mix was 40% stocks, 50% bonds and 10% cash.

Carl X. Elvove, president, is chief investment offier; Mark R. Goodman is client contact.

Grace Capital Inc.

30 Broad St., New York, N.Y. 10004; (212) 635-0610

Total assets managed	$174,000,000
Tax-exempt assets managed:	
Total	$134,000,000
Fully discretionary	$134,000,000
Minimum separate account	$500,000
Tax-exempt clients	88
Types of accounts managed	CEFGJ
No. of portfolio managers	6

Grace Capital Inc. borrows from various schools of thought in its eq-

It's not traditional for a chemical company to go into the insurance business. It's exceptional.

While Ethyl's strategy and intent are to continue to grow as a leading chemicals company, we are also working hard to identify and capitalize on any new and profitable business opportunities. Our acquisition of First Colony Life Insurance is a prime example. Like Ethyl, First Colony Life is one of the fastest-growing, most profitable companies in its industry. In its first full year First Colony Life contributed $25.5 million in earnings, returning $12.9 million to Ethyl's 1983 record setting $106 million net income. This success helps insure the future growth and stability of all of our chemicals businesses. For more information about Ethyl, write for our annual report. Ethyl Corporation, Investor Relations, P.O. Box 2189, Richmond, VA 23217.

Exceptional Ethyl.

Ethyl

uity approach, including market timing, value analysis and options strategies. The firm stresses the need to be flexible and shift quickly from one approach to another as conditions warrant.

Grace Capital uses interest rate anticipation for fixed-income management. It uses options, stock index futures and fixed-income futures.

As of Jan. 1, the asset mix was 69.41% stocks, 12.37% bonds and 18.22% cash.

Clients include the Minneapolis Employees Retirement Fund, the Daytona Beach (Fla.) Police & Fire Pension Fund, and Union Planters Bank & Trust.

Henry M. Pounds, vice president and director of research, is chief investment officer; Andrew M. Batkin, vice president and director of marketing, is client contact.

Gradison & Co. Inc.

580 Building, Plaza Level, Cincinnati, Ohio 45202; (513) 579-5864

Total assets managed	$72,000,000
Tax-exempt assets managed:	
Total	$33,000,000
Fully discretionary	$28,000,000
Minimum separate account	$100,000
Tax-exempt clients	30
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	3

Gradison & Co. Inc.'s equity strategy is a disciplined approach that is both growth and value oriented.

Its fixed-income approach is passive. The firm writes covered calls.

The asset mix Jan. 1 was 65% stocks, 25% bonds and 10% cash.

William J. Leugers, senior vice president, is chief investment officer; Alfred M. Brunner and Daniel R. Shick, portfolio managers, are client contacts.

Granahan-Everitt Investments Inc.

303 Wyman St., Waltham, Mass. 02154; (617) 890-4412

Total assets managed	$71,000,000
Tax-exempt assets managed:	
Total	$46,000,000
Fully discretionary	$46,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	67
Types of accounts managed	CEF
No. of portfolio managers	3

Granahan-Everitt Investments Inc., an equity manager, concentrates on developing growth portfolios with controlled risk-taking through diversification and balance. Portfolios are a blend of established and emerging companies, both large and small.

As of Jan. 1 its tax-exempt asset mix was 86% stocks and 14% cash.

John J. Granahan, president, is chief investment officer. Bruce W. Everitt, chairman, is client contact.

Granite State Corp.

305 E. 46th St., New York, N.Y. 10017; (212) 838-9620

Total assets managed	$110,000,000
Tax-exempt assets managed:	
Total	$3,000,000
Fully discretionary	$3,000,000
International assets managed	$1,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	3
Types of accounts managed	CE
No. of portfolio managers	3

Granite State Corp. maintains a flexible portfolio policy for equities and is opportunistic in its search for attractive relative values.

For fixed income, it monitors and analyzes Federal Reserve activity and its impact on the markets by way of its proprietary Liquidity Indexes, and positions portfolios in its liquidity cycle.

As of Jan. 1, the asset mix was 30% stocks, 20% bonds and 20% cash.

Robert P. Youngman, president, is chief investment officer; Richard R. Peffenbach, executive vice president, is client contact.

Gray, Seifert & Co. Inc.

330 Madison Ave., New York, N.Y. 10017; (212) 573-8186

Total assets managed	$275,000,000
Tax-exempt assets managed:	
Total	$105,000,000
Fully discretionary	$85,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	10
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	2

Gray, Seifert uses Graham & Dodd and contrarian approaches to equities. Investment results are obtained by employing a price-sensitive stock selection process. A familiarity with balance-sheet and cash-flow analysis as well as income-statement analysis is mandatory. Options are used.

The firm purchases fixed-income securities only when they provide clearly superior total returns to equities.

As of Jan. 1, the asset mix was 60% stocks, 30% bonds and 10% cash.

Clients include IDS Progressive Fund.

Louis G. Markatos, executive vice president, is the chief investment officer; Edward W.T. Gray III, president, is the client contact.

R.W. Graybill Ltd.

206 N. York Road, Elmhurst, Ill. 60126; (312) 941-9460

Total assets managed	$25,000,000
Tax-exempt assets managed:	
Total	$14,000,000
Fully discretionary	$14,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$250,000
Tax-exempt clients	23
Types of accounts managed	CF
No. of portfolio managers	1

R.W. Graybill Ltd. manages equity accounts that are capital-gains oriented but include a sector of high-yielding securities to reduce portfolio volatility and "provide for a high total return." The balanced manager follows a short-term ladder approach to fixed-income management.

As of Jan. 1, the asset mix was 63% stocks, 17% bonds and 20% cash.

Clients include the Lithuanian Foundation, Sparrer Sausage and Village Radiology Pension and Profit Sharing.

Robert W. Graybill, president, is the chief investment officer and the client contact.

Great-West Life Assurance Co.

1675 Broadway, Denver, Colo. 80202; (303) 892-3000

Total assets managed	$8,000,000,000
Tax-exempt assets managed:	
Total	$3,500,000,000
Fully discretionary	$1,130,000,000
Real estate assets managed	$640,000,000
Minimum separate account	$3,500,000
Tax-exempt clients	530
Types of accounts managed	CG
No. of portfolio managers	12
Size of research staff	38

Great-West Life Assurance Co.'s equity approach is to reduce risk using a passive approach with some market timing. Its fixed-income record has been achieved through high-yielding commercial and industrial mortgages and an actively managed bond investment portfolio.

As of Jan. 1, its asset mix was 18% stocks, 10% bonds, 9% cash, 20% equity real estate and 43% mortgages.

Clients include the states of South Carolina and Colorado, American Petroleum Institute and Anheuser-Busch.

Marshall Smith, executive vice president-investments, is chief investment officer.

David J. Greene and Co.

30 Wall St., New York, N.Y. 10005; (212) 344-5180

Total assets managed	$883,000,000
Tax-exempt assets managed:	
Total	$701,000,000
Fully discretionary	$701,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	121
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	11

David J. Greene's governing principle is the preservation of capital in conjunction with reasonable appreciation on a total-return basis. It invests in undervalued equities, turnaround opportunities and special situations.

As of Jan. 1, the tax-exempt asset mix was 75% stocks and 25% cash.

Clients include AT&T, General Mills, Time Inc. and Virginia Electric & Power.

Alan I. Greene, managing partner, is chief investment officer. Allan D. Sutton, partner in charge of the investment advisory department, is client contact.

The Griffin Group Inc.

50 S. LaSalle, Chicago, Ill. 60675; (312) 444-3820

Total assets managed	$2,188,000,000
Tax-exempt assets managed:	
Total	$2,188,000,000
Fully discretionary	$1,876,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	67
Types of accounts managed	CEF
No. of portfolio managers	7

The Griffin Group Inc. focuses on stock selection and sector concentration. Its approach blends growth stock, emerging growth and Graham & Dodd techniques.

For fixed-income, it actively manages portfolios against an agreed upon benchmark that is tailored to the client's risk tolerance. Interest-rate anticipation is used.

The firm uses options, stock index futures and fixed-income futures.

Its asset mix as of Jan. 1 was 55% stocks, 30% bonds and 15% cash.

Clients include the Art Institute of Chicago, Teamsters Local #705, Timken and Illinois Tool Works.

David Geis, chairman, is chief investment officer; James R. Janetz, director of marketing, is client contact.

Grubb & Ellis Co.

1333 Broadway, Suite 900, Oakland, Calif. 94612; (415) 839-9600

Total assets managed	$225,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	0
Real estate assets managed	$140,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	4
Types of accounts managed	CEG

Grubb & Ellis is a real estate manager. As of Jan. 1, the asset mix was 92% equity real estate and 8% mortgages.

Clients include San Bernardino Employees Retirement Fund, Kern County Employees Retirement Fund and San Diego Electrical Employees Union.

John French, president real estate services, is the chief investment officer; Terry P. Noyer, senior vice president, is the client contact.

G.T. Capital Management

601 Montgomery St., Suite 1400, San Francisco, Calif. 94111; (415) 392-6181

Total assets managed	$1,000,000,000
Tax-exempt assets managed:	
Total	$590,000,000
Fully discretionary	$579,000,000
International assets managed	$552,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	18
Types of accounts managed	CEF
No. of portfolio managers	33
Size of research staff	6

G.T. Capital Management Inc.'s primary theme in equity selection is best characterized by undiscounted earning acceleration. This seeks out companies that have future rising streams of earnings that can be bought at modest relative and absolute values.

During those times when a fully invested position is not justified, the equity manager invests in cash on a short- to medium-term basis.

As of Jan. 1, its asset mix was 95% stocks and 5% cash.

Clients include IBM, GTE Service Corp., Sears Pension Trust and Atlantic Richfield Co.

Robert J. Boyd, group managing director, is chief investment officer; Mary Lou Bernhoft, vice president-client service, is client contact.

Gulf Investment Management Inc.

1300 Main St., Suite 1709, Houston, Texas 77002; (713) 757-9781

Total assets managed	$40,000,000
Tax-exempt assets managed:	
Total	$23,000,000
Fully discretionary	$23,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	31
Types of accounts managed	CF
No. of portfolio managers	2

Gulf Investment Management Inc.'s equity approach is fundamental and disciplined, with a preference for securities currently out of favor or overlooked. Two investment disciplines underlie its buy and sell decisions.

As of Jan. 1, its asset mix was 93% stocks and 7% cash.

Thomas G. Macrini, president, is chief investment officer. T. Charles Toomey, vice president, is client contact.

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Hagler, Mastrovita & Hewitt

1 Post Office Square, Boston, Mass. 02109; (617) 423-6199

Total assets managed	$380,000,000
Tax-exempt assets managed:	
Total	$380,000,000
Fully discretionary	$380,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	7
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	2

The primary equity investment objective of Hagler, Mastrovita & Hewitt is to buy successful companies that are underpriced relative to earning power.

The firm searches for value and attempts to manage the overall portfolio risk level.

For fixed income, the balanced manager systematically compares risks and expected return across the spectrum of capital market opportunities and concentrates on sectors and securities where the risk-adjusted prospects appear most favorable.

As of Jan. 1, the asset mix was 75% stocks, 15% bonds and 10% cash.

Clients include Abbott Laboratories Pension, Ford Foundation, Mayo Clinic and the state of Maryland.

Robert P. Mastrovita, president, is chief investment officer; Jon L. Hagler, chairman, is the client contact.

Hahn Holland & Grossman

Suite 350 180 N. Wacker Drive, Chicago, Ill. 60606; (312) 984-3580

Total assets managed	$110,000,000
Tax-exempt assets managed:	
Total	$43,000,000
Fully discretionary	$43,000,000
Minimum separate account	$1,500,000
Tax-exempt clients	10
Types of accounts managed	CF
No. of portfolio managers	3

Hahn Holland & G[illegible] objective is to earn supe[illegible] by conserving capital in falli[illegible] kets. A market timer, the firm's e[illegible]ty exposure ranges from nothing to 100%. The manager invests in large-capitalization stocks in attractive industries.

The firm uses interest rate anticipation to structure fixed income portfolios with either long-, intermediate- or short-term obligations. Portfolios will contain government or AAA corporate securities depending on yield spreads.

As of Jan. 1, the manager's asset mix was 70% stocks, 12% bonds and 18% cash.

Clients incude A.G. Becker Paribas, Northwestern National Life Insurance, Lang Foundation and Giant Good Stores.

Donald D. Hahn, partner, is chief investment officer; Kenneth S. Grossman, partner, is client contact.

Hambrecht & Quist Equity Management

235 Montgomery St., San Francisco, Calif. 94104; (415) 986-5115

Total assets managed	$88,000,000
Tax-exempt assets managed:	
Total	$84,000,000
Fully discretionary	$84,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	12
Types of accounts managed	CEFG
No. of portfolio managers	2
Size of research staff	1

Hambrecht & Quist Equity Management exclusively focuses on high-growth, publicly traded technology equities, leveraging its technology capabilities through experienced portfolio managers/analysts. The manager diversifies across technology industries maintaining high growth and quality standards. Its asset mix as of Jan. 1 was 100% stocks.

Clients include MCI Communications, Conoco, Tektronix and Harvard University.

Michael T. Jackson and Albert L. Toney Jr., general partners, are the chief investment officers; Helen Blanchard is client contact.

John Hancock Mutual Life Insurance Co.

John Hancock Place, P.O. Box 111, Boston, Mass. 02117; (617) 421-6615

Total assets managed	$23,400,000,000
Tax-exempt assets managed:	
Total	$12,300,000,000
Fully discretionary	$12,300,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	2,000
Types of accounts managed	CG
No. of portfolio managers	4

John Hancock's separate pension accounts are handled by Independence Investment Associates. For equities, active quantitative management integrates fundamental research with multiple-factor valuation.

For fixed income, the firm has technical expertise and the quantitative capability to structure uniquely designed bond portfolios.

As of Jan. 1, the asset mix was 30% stocks, 22% bonds, 6% cash, 37% equity real estate and 5% mortgages.

Clients include the city of Detroit, Kellogg Co., Shell Oil and Stop & Shop.

Donald E. Morrison, second vice president, is client contact.

Hanson Investment Management Co.

21 Tamal Vista Blvd., Corte Madera, Calif. 94925; (415) 924-7234

Total assets managed	$140,000,000
Tax-exempt assets managed:	
Total	$105,000,000
Fully discretionary	$105,000,000
Minimum separate account	$500,000
Tax-exempt clients	11
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	1

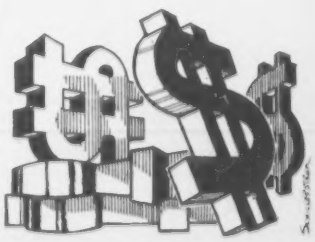
Hanson Investment Management Co. uses Graham & Dodd in its equity approach. It "buys the company, not the stock," and sells only when the price is too high or fundamentals change.

Interest rate anticipation is used in its fixed-income approach.

Its asset mix as of Jan. 1 was 65% stocks, 16% bonds and 19% cash.

Clients include the retirement funds of Marin, Mendocino and Contra Costa counties and the Hawaii Laborers Union.

Herbert M. Hanson Jr., is chief investment officer and client contact.



Harbor Capital Management Co. Inc.

1 Post Office Square, Suite 3120, Boston, Mass. 02109; (617) 338-4220

Total assets managed	$476,000,000
Tax-exempt assets managed:	
Total	$310,000,000
Fully discretionary	$297,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	36
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	3

Harbor Capital Management Co. uses a disciplined, bond-competitive decision-making process and strong fundamental research. It combines selections from a focused universe of growth stocks with carefully chosen low P/E, high-yield stocks.

The firm's fixed-income approach stresses the achievement of a "real" rate of return through a conservative philosophy that relies upon fundamental economic and interest rate analysis.

As of Jan. 1 its asset mix was 46% stocks, 43% bonds and 11% cash.

Clients include Thermo Electron Simmons College and Michigan Operating Engineers Local #324.

Frederick G.P. Thorne, president, is chief investment officer; E. William Hansen, senior vice president, is client contact.

Harris Trust & Savings Bank

111 W. Monroe St., Chicago, Ill. 60603; (312) 461-2121

Total assets managed	$11,736,000,000
Tax-exempt assets managed:	
Total	$5,636,000,000
Fully discretionary	$4,273,000,000
Master trust assets	$18,900,000,000
Real estate assets managed	$7,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	180
Types of accounts managed	CEFGJ
No. of portfolio managers	13
Size of research staff	11

Harris Trust & Savings Bank follows sector rotation in its equity strategy and focuses on interest rate anticipation and sector analysis for fixed-income investments.

It uses fixed-income futures.

As of Jan. 1, the asset mix was 31% stocks, 39% bonds and 30% cash.

Edward B. Dillmann, senior vice president, is the chief investment officer; Allan G. Brodie, trust officer, and Gary S. Klem, vice president, are the client contacts.

Hartford Life Insurance Co.

1 Waterside Crossing, P.O. Box 568, Windsor, Conn. 06095; (203) 683-8001

Total assets managed	$1,294,000,000
Tax-exempt assets managed:	
Total	$894,000,000
Fully discretionary	$894,000,000
Real estate assets managed	$25,000,000
Tax-exempt clients	2,270
Types of accounts managed	CGJ
No. of portfolio managers	5
Size of research staff	5

Hartford Life Insurance Co. uses optimal portfolio structuring by sector, industry and company to achieve the client's return-risk objectives.

In its fixed-income approach, Hartford Life anticipates the level and shape of the yield curve, changes in maturity and quality spreads, creditworthiness and marketability of the instruments.

The insurer uses options and fixed-income futures.

Its asset mix as of Jan. 1 was 13% stocks, 74% bonds, 1% equity real estate, 5% mortgages and 7% cash equivalents.

Clients include Katy Industries, Sundstrand, Genesee Brewing and Drexel, Burhnam, Lambert.

William M. Griffin, vice president and chairman of the finance committee, is chief investment officer; Charles A. Clinton, assistant vice president and director of group pension sales, is client contact.

Heitman Advisory Corp.

180 N. LaSalle St., Chicago, Ill. 60601; (312) 855-5700

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$1,200,000,000
Fully discretionary	$900,000,000
Real estate assets managed	$1,500,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	9
Types of accounts managed	CEFG

Heitman Advisory Corp. specializes in providing professionally managed portfolios of income producing real estate equities.

As of Jan. 1, 100% of its assets were in equity real estate.

Clients include American Telephone & Telegraph Co., Post Office Staff Superannuation Fund, the Kentucky Retirement Systems and Dartmouth College.

Norman Perlmutter, chairman, is chief investment officer; David Glickman, executive vice president, is client contact.

Hellman, Jordan Management Co. Inc.

50 Milk St., Boston, Mass. 02109; (617) 482-1777

Total assets managed	$716,000,000
Tax-exempt assets managed:	
Total	$655,000,000
Fully discretionary	$655,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	34
Types of accounts managed	CEFG
No. of portfolio managers	3

Hellman, Jordan Management Co. is an earnings growth-oriented equity manager and uses government bonds as an equity substitute.

It uses options.

The firm's asset mix as of Jan. 1 was 57.7% stocks, 25.6% bonds and 16.7% cash.

Gerald R. Jordan Jr., president, is chief investment officer and client contact.

Heritage Investment Advisors Inc.

733 N. Van Buren St., Milwaukee, Wis. 53202; (414) 271-0440

Total assets managed	$774,000,000
Tax-exempt assets managed:	
Total	$425,000,000
Fully discretionary	$425,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	30
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	5

Heritage Investment Advisors' equity approach aims to attain above average long-term growth of capital

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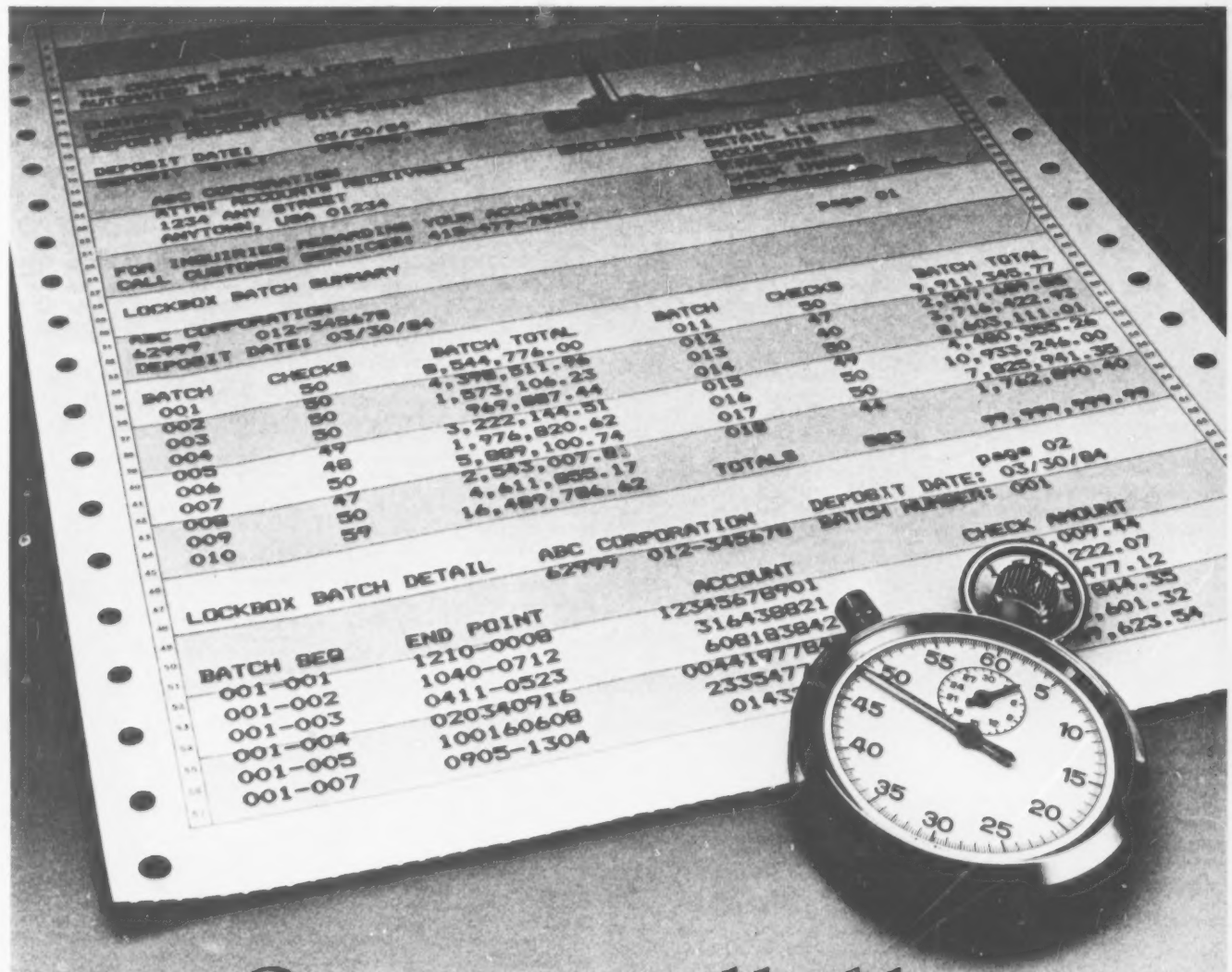
(202) 638-1984
INSURANCE RESEARCH, INC.
1341 G Street, N.W., Suite 610
Washington, D.C. 20005
IA



Our automated lockbox sees your business the way you do.

That's why we're built for speed. We're the first bank in California to offer you automated, image-lift lockbox processing in both San Francisco and Los Angeles.

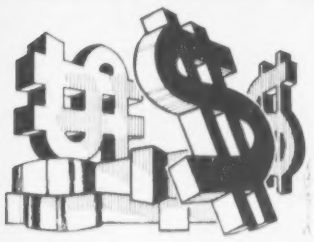
Our flexible new Burroughs automated lockbox system can give you output reports and transmission files in nearly any format that you want. You get deposit totals and availability detail throughout the day via Communicash® (our on-line information service), by telephone, or by telex. And we provide you with advices, reports, and high quality, digital check images that can simplify your receivables processing.

We're built for accuracy, too. Our Burroughs system automatically captures MICR data and allows us to program edit checks to virtually eliminate errors. And our operating staff has over seven years average tenure. Their pride and experience allow us to maintain rigorous quality standards. One key person takes direct charge of your account, backed up by a flexible team with a clear vision of what your business needs.

Let us help you put time, flexibility, and accuracy on your side. In Northern California, you can give Jan Cloyde a call at (415) 983-3252. In Southern California, you can contact Hugh Hinds at (213) 253-6281.

The Crocker Bank

Member FDIC © Crocker National Bank 1984



through investments in growing companies. Significant commitments are made to firms expected to benefit from political, social and economic changes.

Its fixed-income management approach is based on an active trading strategy using proprietary technical analysis in order to preserve capital and current income.

Its clients include the University of Wisconsin Foundation, the Employees Retirement System of Milwaukee, Johnson Controls and the University of Wisconsin Trust Funds.

As of Jan. 1, its asset mix was 32.7% stocks, 59% bonds and 8.3% cash.

Maureen J. Busby, president, is chief investment officer. John E. Carlson, analyst, is client contact.

Hibernia National Bank

P.O. Box 61540, New Orleans, La. 70161; (504) 587-2952

Total assets managed	$2,292,000,000
Tax-exempt assets managed:	
Total	$2,141,000,000
Fully discretionary	$2,141,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	617
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	1

Hibernia National Bank places primary emphasis on equity exposure and industry weighting as determined by the bank's economic forecasts.

It uses a top-down process for fixed income that places primary emphasis on selecting a portfolio maturity structure to optimize total return via interest-rate forecasts.

As of Jan. 1, the bank's asset mix was 13% stocks, 75% bonds and 12% cash.

Clients include Florida Steel, the Louisiana Teachers Retirement System, the Army and Air Force Exchange Service and West Point Pepperell.

Robert L. Rust, vice president and trust investment officer, is the chief investment officer; Charles C. Field, vice president and manager-trust marketing, is the client contact.

HIMCO

917 Euclid Ave., Cleveland, Ohio 44115; (216) 344-6547

Total assets managed	$250,000,000
Tax-exempt assets managed:	
Total	$121,500,000
Fully discretionary	$131,000,000
Real estate assets managed	$1,250,000
Minimum separate account	$2,500,000
Tax-exempt clients	27
Types of accounts managed	CJ
No. of portfolio managers	3

HIMCO's equity approach is value oriented. It employs a top-down, bottom-up approach incorporating macro- and microeconomics for flexible decision-making.

Its debt approach is top-down and macro-oriented. Interest rate forecasts determine an average weighted maturity structure. Management of the maturity structure is dynamic, including use of cash.

As of Jan. 1, the asset mix was 20% stocks and 80% bonds, with a small investment in equity real estate.

Clients include Telephone Credit Union, R.D. Werner, Ohio University and Sherrex Chemical.

N. Andre Boschert is president and chief investment officer; Ed Ranucci, vice president-marketing, is client contact.

Hodges Capital Management

755 West End Ave., New York, N.Y. 10025; (212) 866-5334

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$17,000,000
Fully discretionary	$17,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	2
Types of accounts managed	CE
No. of portfolio managers	2

Hodges Capital Management selects small and medium-sized companies off the beaten track that have low multiples and strong earnings potentials within two years.

Its fixed-income approach uses short-term maturities only or high-yield special situations.

As of Jan. 1, its asset mix was 80% stocks and 20% cash.

Fletcher Hodges III, president, is chief investment officer and client contact.

Hoisington Investment Management Co.

Suite 4440, 333 Clay St., Houston, Texas 77002; (713) 650-1004

Total assets managed	$1,000,000,000
Tax-exempt assets managed:	
Total	$1,000,000,000
Fully discretionary	$1,000,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	35
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

Hoisington Investment Management is a bond specialist that employs a risk-averse approach in which very short maturities are used during periods of high risk, while low-risk periods are capitalized upon by using 30-year maturities.

As of Jan. 1, the asset mix was 100% government bonds.

Van R. Hoisington, president, is the chief investment officer; J. Paul Lewis is the client contact.

Holborn International

450 Park Ave., New York, N.Y. 10022; (212) 980-0977

Total assets managed	$27,000,000
Tax-exempt assets managed:	
Total	$27,000,000
Fully discretionary	$27,000,000
International assets managed	$27,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	4
Size of research staff	6

Holborn International manages currency exposure rigorously, systematically and separately from commitments to equity markets. Against this background, area specialists pick quality growth stocks on an opportunistic and rotational basis.

Its primary fixed-income activities are varying the geographical distribution, duration and coupon level to exploit currency, interest rate and yield curve movements.

Secondary activities include sector choice and swaps.

As of Jan. 1 its asset mix was 100% stocks.

Clients include Prudential of London.

Michael G. Newmarch, president, is chief investment officer; Thomas F. Guillet, vice president, is client contact.

T.J. Holt & Co. Inc.

290 Post Road West, Westport, Conn. 06880; (203) 226-8911

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$25,000,000
Minimum separate account	$25,000
Tax-exempt clients	82
Types of accounts managed	C
No. of portfolio managers	5
Size of research staff	5

Holt Strategic Asset Management takes a macroeconomic approach to a dynamic asset allocation philosophy, emphasizing high yield and low risk.

It follows a high yield convertible bond strategy for fixed income.

The firm offers options for non-ERISA accounts.

As of Jan. 1 the asset mix was 10% stocks, 40% bonds, 25% cash and 25% electric utilities.

Thomas J. Hoilt, president, is chief investment officer. Lawrence H. Douglas, director of portfolio management, is client contact.

Horizon Trust Co.

65 Madison Ave., Morristown, N.J. 07960; (201) 285-2133

Total assets managed	$1,618,000,000
Tax-exempt assets managed:	
Total	$298,000,000
Fully discretionary	$120,000,000
International assets managed	$5,000,000
Minimum separate account	$500,000
Tax-exempt clients	369
Types of accounts managed	CEF
No. of portfolio managers	13
Size of research staff	3

In addition to its capabilities as a balanced investment manager focusing on sector strategy and undervalued securities, Horizon Trust offers a multimanager investment approach through partnership with Frank Russell Management Co.

Interest rate anticipation determines its fixed-income strategies. The firm uses options.

As of Jan. 1, the asset mix was 65% stocks and 35% bonds.

David J. Williams, senior vice president, is the chief investment officer; Mark C. Hanna, assistant vice president, is the client contact.

Hotchkis & Wiley

800 Wilshire Blvd., Los Angeles, Calif. 90017; (213) 623-4073

Total assets managed	$575,000,000
Tax-exempt assets managed:	
Total	$575,000,000
Fully discretionary	$575,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	18
Types of accounts managed	CEFG
No. of portfolio managers	2

Hotchkis & Wiley's investment approach emphasizes low risk measured by low P/E ratios and dividend yields greater than the market. Buying procedures are well defined, and the firm uses a strong selling discipline.

Its asset mix as of Jan. 1 was 90% stocks and 10% cash.

Clients include Whirlpool, the Oregon Public Employees Retirement System, Arizona Public Service and Rockwell International.

John Hotchkis and George Wiley are chief investment officers; George Rebhan, director of marketing, is the client contact.

Howe and Rusling Inc.

183 Main St. East, Rochester, N.Y. 14604; (716) 325-5286

Total assets managed	$120,000,000
Tax-exempt assets managed:	
Total	$32,000,000
Fully discretionary	$28,000,000
Minimum separate account	$150,000
Tax-exempt clients	15
Types of accounts managed	CEFJ
No. of portfolio managers	4
Size of research staff	1

Howe and Rusling Inc. seeks stocks with strong financials and low P/E multiples relative to the changing market's perception of growth. Its fixed-income approach combines sector analysis and interest rate anticipation.

As of Jan. 1, the tax-exempt asset mix was 75% stocks, 15% bonds and 10% cash.

Thomas G. Rusling, president, is chief investment officer. Robert B. Wolf, vice president, is client contact.

HT Investors Inc.

15 Westminster St., Providence, R.I. 02903; (401) 278-8853

Total assets managed	$734,000,000
Tax-exempt assets managed:	
Total	$734,000,000
Fully discretionary	$676,000,000
Real estate assets managed	$7,000,000
International assets managed	$3,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	154
Types of accounts managed	CEFGJ
No. of portfolio managers	8

For equities, HT Investors Inc. attempts to identify best relative value within the firm's overall screens of macroeconomics, fundamental company analysis and technical trends.

Its fixed-income approach employs an active management style with intermediate maturity securities. HT Investors is an active manager willing to go heavily into cash but limiting its fixed-income holdings to maturities of approximately 10 years or less.

The firm uses options.

Its asset mix as of Jan. 1 was 40% stocks, 50% bonds and 10% cash.

Clients include Textron, Allendale Insurance, Brown & Sharpe Manufacturing and The Providence Journal.

Henry M. Greenleaf Jr., president, is chief investment officer; Richard S. Fitts, vice president, is client contact.

Hutton Capital Management

17 Battery Place, New York, N.Y. 10004; (212) 742-6557

Total assets managed	$700,000,000
Tax-exempt assets managed:	
Total	$602,000,000
Fully discretionary	$602,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	400
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	35

Hutton Capital Management's equity selection is based on a fundamental valuation model, which is confirmed by internal and external research sources.

Its relative exposure to fixed-income and cash-equivalent securities is central to its strategy for non-equity assets, which is determined by a formal vote of the investment policy committee.

Its asset mix as of Jan. 1 was 68% stocks, 25% bonds and 7% cash.

Clients include Chrysler, GTE and Royal Crown.

Robert L. Ardizzone, director, is chief investment officer. Peter S. Hagerman, director, is client contact.

IAA Trust Co.

1701 Towanda Ave., Box 2901, Bloomington, Ill. 61702; (309) 557-3241

Total assets managed	$1,732,000,000
Tax-exempt assets managed:	
Total	$465,000,000
Fully discretionary	$465,000,000
Minimum separate account	$250,000
Tax-exempt clients	127
Types of accounts managed	CEFJ
No. of portfolio managers	8
Size of research staff	2

IAA Trust Co.'s equity approach maximizes total return through capital appreciation. It emphasizes growth-oriented companies with the characteristics of a leading industry position, highly capable management, sound financial position, high earnings predictability and superior research and development.

Its active bond portfolio management incorporates internally formulated interest rate forecasts, credit analysis and spread analysis of the various industry sectors and rating categories.

Its asset mix as of Jan. 1 was 40% stocks, 40% bonds and 20% cash.

Clients include Country Cos. Insurance Group, Country Capital Mutual Funds, The Daily Pantagraph and Prairie Farms Dairy.

Gary Mede, executive vice president, is chief investment officer; Dave Tipsword is client contact.

IDS Advisory Group

3100 IDS Tower, Minneapolis, Minn. 55402; (612) 372-2922

Total assets managed	$3,667,000,000
Tax-exempt assets managed:	
Total	$3,667,000,000
Fully discretionary	$3,667,000,000
International assets managed	$30,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	97
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	26

IDS Advisory Group's equity approach identifies favorable and unfavorable equity market sectors. The firm purchases issues within favorable sectors, according to clearly defined value criteria, and sells issues that are overvalued or within unfavorable sectors.

Its active fixed-income approach is oriented toward absolute total returns. The firm continually identifies areas of greatest relative value along the yield curve and by market sector, given the manager's current assessment for both the economy and interest rates.

IDS Advisory uses stock index futures.

Its asset mix as of Jan. 1 was 72.3% stocks, 16.7% bonds and 11% cash.

Clients include AT&T, Burlington Northern, the California Institute of Technology and the Screen Actors Guild-Producers Pension Plan.

Bruce C. Lueck, president and chief executive officer, is the chief investment officer; Randolph L. Kohn, senior vice president and managing director, is client contact.

The Illinois Co. Inc.

30 N. LaSalle St., Chicago, Ill. 60603; (312) 444-2100

Total assets managed	$127,000,000
Tax-exempt assets managed:	
Total	$124,000,000
Fully discretionary	$124,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	5
Types of accounts managed	CJ
No. of portfolio managers	2
Size of research staff	2

The Illinois Co. seeks high value in out-of-favor stocks and groups vs. growth prospects and asset value.

Its fixed-income approach relies on interest rate anticipation.

As of Jan. 1, its asset mix was 2% stocks, 85% bonds and 13% cash.

Paul H. Fricke, vice president, is chief investment officer and client contact.

Independence Investment Associates Inc.

1 Liberty Square, Boston, Mass. 02109; (617) 292-8700

Total assets managed	$1,600,000,000
Tax-exempt assets managed:	
Total	$1,100,000,000
Fully discretionary	$1,100,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	18
Types of accounts managed	CFGJ
No. of portfolio managers	6
Size of research staff	12

Independence's active quantitative management combines fundamental research with investment technology in its aggressive issue selection. Portfolios are tailored to the client's situation.

In its fixed-income approach, Independence has the technical expertise to structure bond portfolios designed to meet specific client requirements, including active management, dedication and immunization.

Its asset mix as of Jan. 1 was 75% stocks, 15% bonds and 10% cash.

Clients include the Denver Employees' Retirement Plan, The Kendall Co., Westvaco Corp. and Forest Hills Cemetery.

Lewis J. Kleinrock, president, is chief investment officer; James F. Barrett, senior vice president, is client contact.

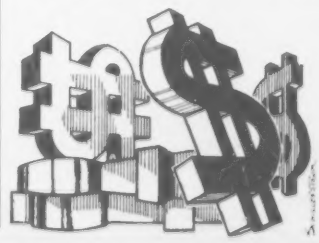
Indiana National Bank

1 Indiana Square, Indianapolis, Ind. 46266; (317) 266-6198

Total assets managed	$3,640,000,000
Tax-exempt assets managed:	
Total	$1,872,000,000
Fully discretionary	$1,872,000,000
Real estate assets managed	$50,000,000
Tax-exempt clients	715
Types of accounts managed	CEFGJ
No. of portfolio managers	18
Size of research staff	10

Indiana National's equity portfolios are constructed of securities passing both an initial computer screen and analytical review. Screens include earnings momentum, relative price, market capitalization and quality.

Its fixed-income approach uses ac-



tive investment management. Primary tools are credit analysis, interest rate anticipation, sector analysis and risk/reward sensitivity analysis.

As of Jan. 1, the asset mix was 55% stocks and 45% bonds.

Clients include Indiana Bell, the Public Employees Retirement Fund of Indiana, the Indiana Teacher Retirement Fund and the International Brotherhood of Carpenters.

P. Roger Kumler, senior vice president, is chief investment officer; Sally J. Phillips, assistant vice president and trust officer, is client contact.

Wm. A. Inskeep & Co.

12934 Kenwood Lane S.W., Suite 21, Fort Myers, Fla., 33907; (813) 939-5161

Total assets managed	$3,000,000
Tax-exempt assets managed:	
Total	$1,000,000
Fully discretionary	$1,000,000
Minimum separate account	$300,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	1

Wm. A. Inskeep & Co. uses a fundamentalist approach to equities with emphasis on recognition of issues with strong long-term growth potential. It has a risk-averse fixed-income strategy, using only high-quality, short- to intermediate-term issues (one to eight years). The firm uses options and stock index futures.

As of Jan. 1, the asset mix was 65% stocks, 20% bonds and 15% cash.

President William A. Inskeep is chief investment officer and client contact.

Institutional Capital Corp.

230 W. Monroe, Chicago, Ill. 60606; (312) 641-7200

Total assets managed	$1,300,000,000
Tax-exempt assets managed:	
Total	$1,300,000,000
Fully discretionary	$1,300,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	13
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	6

Institutional Capital Corp. focuses on sector rotation in its value-oriented equity approach. It also uses options.

The balanced manager relies on interest rate anticipation for fixed-income management.

As of Jan. 1, the asset mix was 65% stocks, 10% bonds and 25% cash.

William A. Maloney, president, is the chief investment officer; Russell C. Walter, executive vice president, is the client contact.

Institutional Portfolio Services Ltd.

1 First National Plaza, Suite 2594, Chicago, Ill. 60603; (312) 236-5388

Total assets managed	$101,000,000
Tax-exempt assets managed:	
Total	$85,000,000
Fully discretionary	$75,000,000
Minimum separate account	$500,000
Tax-exempt clients	40
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	2

Institutional Portfolio Services Ltd. uses an equity approach that is eclectic and takes into account the three- to four-year economic and political cycle, with an emphasis on industry concentration. It uses the covered selling of options for market timing.

It uses interest rate anticipation for fixed income.

The firm offers stock-index futures as well as options.

As of Jan. 1, the tax-exempt asset mix was 55% stocks, 30% bonds and 15% cash.

Clients include Helene Curtis Industries, Missionary Society of Oblate Fathers of Texas, Professional Corp., and Medium Size Matching Tool Co.

B.P. Pai, president, is chief investment officer; Denise M. Iwaniec is client contact.

InterFirst Investment Management

Box 83794, Dallas, Texas 75283; (214) 573-4650

Total assets managed	$5,148,000,000
Tax-exempt assets managed:	
Total	$2,802,000,000
Fully discretionary	$2,802,000,000
Master trust assets	$623,000,000
Real estate assets managed	$334,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	309
Types of accounts managed	CEFGJ
No. of portfolio managers	21
Size of research staff	4

InterFirst Investment Management is a growth stock manager with specific valuation disciplines and a Southwestern bias to its selections.

Its fixed-income approach uses a high generation of annual cash flows, shorter maturities and bond selections based on fundamental research independent of interest rate forecasting.

Its asset mix as of Jan. 1 was 50% stocks, 30% bonds, 10% cash and 10% equity real estate.

Clients include AT&T, Conoco, Rockwell and Exxon.

Daniel J. Forrestal, president, is chief investment officer; Nathan O. Finke, senior vice president, is client contact.

Interstate Asset Management Inc.

2700 NCNB Plaza, Charlotte, N.C. 28280; (704) 379-9097

Total assets managed	$12,900,000
Tax-exempt assets managed:	
Total	$6,000,000
Fully discretionary	$6,000,000
Minimum separate account	$250,000
Tax-exempt clients	6
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	12

Interstate Asset Management is a stock timer within the high-quality and emerging growth areas. Options are used.

The manager combines interest rate anticipation with sector analysis in an active fixed-income management strategy that emphasizes quality to maintain an income stream.

As of Jan. 1, the asset mix was 10% stocks, 35% bonds and 55% cash.

Christopher S. Moore, president, is the chief investment officer; John R. Crook and Donald J. Toney, vice presidents, are the client contacts.

INVESCO Capital Management Inc.

Suite 1400, 100 Colony Square, Atlanta, Ga. 30361; (404) 892-0875

Total assets managed	$2,512,000,000
Tax-exempt assets managed:	
Total	$2,412,000,000
Fully discretionary	$2,412,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	53
Types of accounts managed	CEFGJ
No. of portfolio managers	9

INVESCO Capital Management uses sector rotation and Graham & Dodd techniques in its fundamental, bottom-up analysis of stocks, with primary emphasis on issue selection. INVESCO describes itself as basically a "rotational value buyer."

The balanced manager analyzes quality shifts and uses arbitrage and inefficiently priced vehicles to keep fixed-income portfolios fully invested.

As of Jan. 1, the asset mix was 66% stocks, 24% bonds and 10% cash.

Clients include Boeing, Ford Foundation, General Motors and Inland Steel.

Wendell M. Starke, president, is the chief investment officer; Willis M. Everett, principal, is the client contact.

Investment Advisers

Box 1160, Minneapolis, Minn. 55440; (612) 371-2939

Total assets managed	$1,800,000,000
Tax-exempt assets managed:	
Total	$1,600,000,000
Fully discretionary	$1,600,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	100
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	2

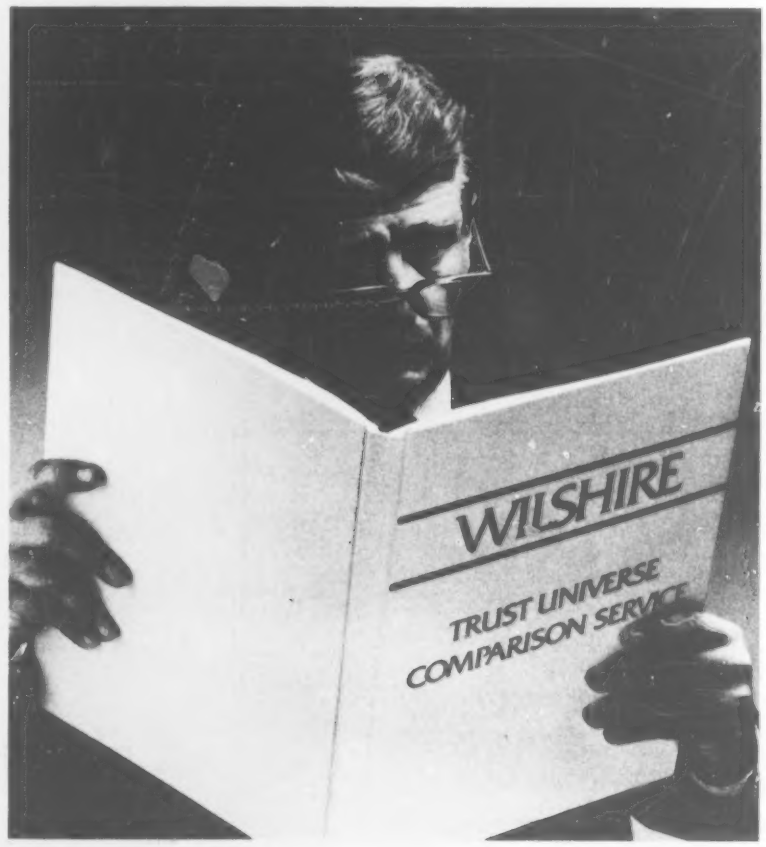
Investment Advisers uses sector rotation for equity investments. It uses interest rate anticipation for fixed income.

As of Jan. 1 the tax-exempt asset mix was 60% stocks and 40% bonds.

Clients include 3M, Household International, Cincinnati Milicron and the State of New Hampshire.

Noel Rahn is the chief investment officer and I.P. (Kip) Knelman is the client contact.

INTRODUCING THE BANK THAT WILSHIRE SAYS OUTPERFORMED 7 OUT OF 8 OTHER EQUITY FUNDS.



It may be hard for you to believe, but a bank has outperformed over 300 other equity funds. And that bank is Manufacturers National Bank of Detroit. Wilshire Associates Trust Universe Comparison Service® has ranked Manufacturers Equity Fund in the top 13% of 310 separate equity funds for the period of 1981-1983. And in 1983, our equity fund realized a 25.6% annual rate of return. Well above the 22.4% registered by the Standard and Poors 500.®

Obviously, there is a bank that really performs when it comes to equity funds. Making sure you get a maximum return on your investment has been one of our ideals for over fifty years. Don't you think Manufacturers Trust Investment Division deserves a call to find out how we can help you? For more information phone Jim Dawson toll-free at 1-800-482-2206 in Michigan, or 1-800-521-1190 outside of Michigan.

MANUFACTURERS BANK

Trust Investment Division

Profiles

Investment Advisors Inc.

1100 Louisiana, Suite 2600, Houston, Texas 77002; (713) 659-2611

Total assets managed	$356,000,000
Tax-exempt assets managed:	
Total	$303,000,000
Fully discretionary	$177,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	35
Types of accounts managed	CEFGJ
No. of portfolio managers	7

Investment Advisors employs a top-down economic analysis to identify the most attractive industries for stocks. Investment disciplines are used to sell overvalued stocks and purchase undervalued stocks.

The firm's fixed-income approach combines yield curve and macroeconomic analyses that result in an interest rate anticipation model. Yield differentials and spreads determine the sector investment chosen by the balanced manager.

As of Jan. 1, the asset mix was 58% stocks 38% bonds and 4% cash.

Clients include the city of Baton Rouge, the city of Shreveport, Texas Industries and Methodist Hospital.

Marvin H. McMurrey, president, is the chief investment officer; Thomas A. Wimberly, executive vice president, is the client contact.

Investment and Capital Management Corp.

2 Continental Towers, Suite 504, 1701 Golf Road, Rolling Meadows, Ill. 60008; (312) 439-8500

Total assets managed	$810,000,000
Tax-exempt assets managed:	
Total	$769,000,000
Fully discretionary	$769,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	68
Types of accounts managed	CEFGJ
No. of portfolio managers	6

Investment and Capital Management achieves superior long-term rates of return by making correct asset allocation decisions and then by focusing on superior industry and security selection.

For fixed income, proprietary interest rate forecasting models are used to guide duration analysis decisions. When opportunities are presented, arbitrage is undertaken. The balanced manager uses options and is considering fixed-income futures.

As of Jan. 1, the asset mix was 60% stocks, 30% bonds and 10% cash.

Clients include Conrail, the Kansas Public Employees, the Operating Engineers and National Can.

Donald J. Killian, president, is the chief investment officer; Robert H. Scherbaum, executive vice president, is the client contact.

The Investment Counsel Co.

56 E. Pine St., Suite 200, Orlando, Fla. 32801; (305) 841-6241

Total assets managed	$328,000,000
Tax-exempt assets managed:	
Total	$303,000,000
Fully discretionary	$263,000,000
Real estate assets managed	$10,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	71
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	3

Investment Counsel Co. determines its equity commitment by analyzing government policy and business conditions. The firm identifies stocks that have price trend and fundamental characteristics that lead to superior performance.

As a fixed-income manager, Investment Counsel invests during major opportunity periods afforded by multiyear trends in bond values and interest rates. It actively builds cash reserves when conditions appear unfavorable.

The $328 million total assets under management include $10 million managed by ICC Realty Advisers Inc.

As of Jan. 1, the asset mix was 35% stocks, 60% bonds and 5% mortgages.

Investment Counsel uses options.

Clients include the Miami Beach Employees Retirement System, Jacksonville Pension Funds, the Tampa Employees Retirement System and the Orlando Police & Firefighters Pension Fund.

John P. Meehan, president, is the chief investment officer; Thomas K. Lloyd, executive vice president, is the client contact.

Investment Counselors of Maryland Inc.

803 Cathedral St., Baltimore, Md. 21201; (301) 539-3838

Total assets managed	$717,000,000
Tax-exempt assets managed:	
Total	$526,000,000
Fully discretionary	$526,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	82
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	1

The Investment Counselors of Maryland's investment philosophy is to emphasize the price paid for a given security above all other considerations. Fixed-income portfolios are structured with two distinctive components: a dynamic core of floating rate notes and pass-through securities, and an actively managed portion, consisting of cash equivalents or long bonds.

ICM uses options and fixed-income futures.

As of Jan. 1, the asset mix was 36% stocks, 41% bonds and 23% cash.

Clients include AT&T and Johns Hopkins Hospital.

Craig Lewis, president, is the chief investment officer; Robert B. Russell II, executive vice president, is the client contact.

Investors Management Services Inc.

700 E. Maple Road, Birmingham, Mich. 48011; (313) 642-1020

Total assets managed	$90,000,000
Tax-exempt assets managed:	
Total	$46,000,000
Fully discretionary	$41,000,000
Minimum separate account	$90,000
Tax-exempt clients	37
Types of accounts managed	CEFJ
No. of portfolio managers	2

Investors Managers Services focuses on market timing in its equity approach and bases its fixed-income strategy on interest rate anticipation.

As of Jan. 1, the asset mix was 50% stocks, 45% bonds and 5% cash.

Richard W. Wiggins, president, is the chief investment officer; Gerald R. DeRondt is the client contact.

Irving Trust Co.

1 Wall St., New York, N.Y. 10015; (212) 487-7087

Total assets managed	$5,200,000,000
Tax-exempt assets managed:	
Total	$2,600,000,000
Fully discretionary	$2,100,000,000
Master trust assets	$8,000,000,000
Master custodian assets	$21,000,000,000
Minimum separate account	$2,500,000
Tax-exempt clients	170
Types of accounts managed	CEFGJ
No. of portfolio managers	18
Size of research staff	13

Irving Trust is value oriented in equity investments, with primary thrust in lower P/E stocks with favorable relative growth potential.

The balanced manager has an active fundamental orientation to fixed-income management in which bond strategy keys off economic, inflation, interest rate and yield curve expectations.

Irving Trust uses options.

Clients include Westvaco, Warner-Lambert, Bristol-Myers and May Department Stores.

Gary N. Yalen, senior vice president, is the chief investment officer; John E. Igneri, vice president, is the client contact.

Ivory & Sime International

39 Main St., P.O. Box 6, Chatham, N.J. 07928; (201) 635-6700

Total assets managed	$124,000,000
Tax-exempt assets managed:	
Total	$124,000,000
Fully discretionary	$124,000,000
International assets managed	$111,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	5
Types of accounts managed	CG
No. of portfolio managers	22

Ivory & Sime's long-term, fundamental, research-based equity approach places primary emphasis on stock selection and identification of superior companies in a global context.

The international manager's use of fixed-income instruments is opportunistic as an equity alternative.

As of Jan. 1, the asset mix was 89.5% stocks, 0.2% bonds and 10.3% cash.

R.A. Hammond-Chambers, deputy chairman-Ivory & Sime P.L.C., is the chief investment officer; Keith H. Wood, president, is the client contact.

j

Jamison, Munsch & Smith

1760 Market Street, Suite 1308, Philadelphia, Pa. 19103; (215) 564-4142

Total assets managed	$120,000,000
Tax-exempt assets managed:	
Total	$120,000,000
Fully discretionary	$120,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	6
Types of accounts managed	CFG
No. of portfolio managers	2

Jamison, Munsch & Smith, basically a fixed-income manager, uses a risk averse approach which emphasizes the analysis of cyclical interest-rate movements based upon the underlying economy.

As of Jan. 1, the tax-exempt asset mix was 95% bonds and 5% cash.

Raymond J. Munsch, executive vice president, is client contact.

JCB Asset Management

170 Fourth Ave. North, Nashville, Tenn. 37219; (615) 748-9328

Total assets managed	$76,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Minimum separate account	$500,000
Tax-exempt clients	70
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	9

JCB Asset Management, primarily an equity manager, uses fundamental and technical analysis to indicate sectors in which to concentrate assets. The firm employs a strict buy-sell discipline for individual securities.

It maintains a passive approach to fixed-income management, investing in high quality, liquid fixed-income vehicles with short- to intermediate-term maturities. In so doing, JCB Asset structures portfolios with staggered maturity schedules to minimize the impact of interest rate fluctuations.

As of Jan. 1, the tax-exempt asset mix was 70% stocks, 17% bonds and 13% cash.

James W. Cawood, vice president, is the chief investment officer; Thomas C. Pollock, vice president, is the client contact.

Jennison Associates Capital Corp.

466 Lexington Ave. New York, N.Y. 10017; (212) 421-1000

Total assets managed	$10,600,000,000
Tax-exempt assets managed:	
Total	$10,600,000,000
Fully discretionary	$10,600,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	80
Types of accounts managed	CE
No. of portfolio managers	8
Size of research staff	6

Jennison Associates follows growth stocks for equities and uses sector analysis for fixed-income investments.

Clients include Hughes Aircraft, Caterpillar Tractor and International Harvester, according to the 1984 Money Market Directory.

Spiros Segalas, director and senior vice president, is the chief investment officer.

Jenswold, King & Associates

Sage Plaza, 5151 San Felipe, Suite 1450, Houston, Texas 77056; (713) 961-0462

Total assets managed	$56,000,000
Tax-exempt assets managed:	
Total	$18,000,000
Fully discretionary	$18,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

Jenswold, King & Associates takes an eclectic contrarian approach to equities. Its valuation approach differentiates between stock price and what a company is worth in terms of earnings power and asset value if it were to be purchased as a whole. Its fixed-income approach is based on interest rate anticipation.

The firm uses options and stock index futures.

As of Jan. 1, the asset mix was 85% stocks, 10% bonds and 5% cash.

Roger E. King is the client contact.

JMB Institutional Realty

875 N. Michigan Ave., Chicago, Ill. 60611; (312) 550-5000

Total assets managed	$5,000,000,000
Tax-exempt assets managed:	
Total	$821,000,000
Fully discretionary	$821,000,000
Real estate assets managed	$733,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	93
Types of accounts managed	CEFG

JMB Institutional Realty is exclusively a real estate manager. The $5 billion total assets listed includes assets managed by its parent, JMB Realty Corp.

As of Jan. 1, the asset mix was 100% equity real estate.

Clients include Xerox, Consolidated Edison, Columbia University and Yale University.

President John S. Lillard is the chief investment officer and the client contact.

Johnson Investment Counsel

5554 Cheviot Road, Cincinnati, Ohio 45247; (513) 385-4001

Total assets managed	$134,000,000
Tax-exempt assets managed:	
Total	$72,000,000
Fully discretionary	$72,000,000
Minimum separate account	$250,000
Tax-exempt clients	56
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	1

Johnson Investment Counsel uses growth stock and Graham & Dodd techniques in its top-down equities approach. Bond selection is based on quality, duration and special situations, with an emphasis on covertible bonds.

The firm uses options.

As of Jan. 1, the asset mix was 40% stocks, 50% bonds and 10% cash.

Clients include the University of Cincinnati.

Timothy E. Johnson, president, is the chief investment officer; Scott F. Muhlhauser, vice president, is the client contact.

Tom Johnson Investment Management Inc.

Suite 517, Fidelity Plaza, Oklahoma City, Okla. 73102; (405) 236-2111

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$347,000,000
Fully discretionary	$347,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	6
Types of accounts managed	CEFG
No. of portfolio managers	1

The basic equity approach of Tom Johnson Investment Management is top-down with a contrarian influence. The balanced manager decides the economy's direction and the valuation to be placed on the market and individual issues.

The firm adjusts fixed-income maturities and qualities depending upon interest rate forecasts.

We are pleased to announce the establishment of

Wagner Southern Forest Investments, Inc.

Registered Investment Advisers specializing in timberland investments for institutional and individual investors

10 Piedmont Center, Suite 420
3495 Piedmont Road
Atlanta, Georgia 30305
Telephone (404) 239-0986

David S. Graham — *Charles M. Tarver*
Henry Swan — *Russell W. Sample*
Kathryn H. Robie

Options are used.

As of Jan. 1, the asset mix was 20% stocks, 70% bonds and 10% cash.

Clients include the Teachers Retirement System of Oklahoma.

President Thomas E. Johnson is the chief investment officer and the client contact.

Johnson, Valliant and Broadfoot Inc.

100 S. Charles St., Baltimore, Md. 21201; (301) 837-4800

Total assets managed	$182,000,000
Tax-exempt assets managed:	
Total	$182,000,000
Fully discretionary	$182,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	15
Types of accounts managed	CEF
No. of portfolio managers	3

Johnson, Valliant and Broadfoot Inc., an equity manager, focuses on companies with earnings growth of 30% or more and low institutional ownership.

As of Jan. 1, the tax-exempt asset mix was 85% stocks and 15% bonds.

Clients include GTE, Scott Paper, Cornell University and Hughes Aircraft.

John T. Johnson, partner, is the chief investment officer and client contact.

Jones Lang Wootton Realty Advisors

499 Park Ave., New York, N.Y. 10022; (212) 688-8181

Total assets managed	$800,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$200,000,000
Real estate assets managed	$200,000,000
Minimum separate account	$100,000,000
Tax-exempt clients	2
Types of accounts managed	CG
No. of portfolio managers	5
Size of research staff	8

Jones Lang Wootton is exclusively a real estate manager. The minimum account size of $100 million is across a two-year period.

As of Jan. 1, the asset mix was 100% real estate equity.

Clients include U.S. Steel, the Pennsylvania Public School Employees, British Airways and Prudential Assurance Co. of the United Kingdom.

John A. Weisz, president, is the chief investment officer and the client contact.

Jundt/Capen Associates Inc.

1660 S. Highway 100, Suite 440, Minneapolis, Minn. 55416; (612) 541-0677

Total assets managed	$205,000,000
Tax-exempt assets managed:	
Total	$205,000,000
Fully discretionary	$205,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	11
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

Jundt/Capen Associates' equity approach is best described as growth stock. For fixed income the firm uses a bottom-up approach, and invests in high absolute or relative growth companies with a limited number of investment themes.

As of Jan. 1, the tax-exempt asset mix was 80% stocks and 20% cash.

Clients include Honeywell, Pacific Gas and Electric, St. Vincent's Hospital and The Bush Foundation.

James Jundt, chairman, and Gary Capen, president, are chief investment officers and client contacts.

k

Kahn Brothers & Co. Inc.

60 Broad St., New York, N.Y. 10004; (212) 558-1644

Total assets managed	$220,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$35,000,000
Minimum separate account	$500,000
Tax-exempt clients	33
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	1

In equity management, Kahn Brothers & Co. employs a fundamental securities analysis in the Graham & Dodd tradition to identify instruments selling below intrinsic worth that also have a catalyst for value realization.

For fixed income, the firm concentrates on higher-grade credits and frequently invests in less-conventional instruments in an effort to improve yield without sacrificing credit quality.

As of Jan. 1, the asset mix was 50% stocks, 15% bonds and 35% cash.

Alan R. Kahn, president, is the chief investment officer; Thomas G. Kahn, executive vice president, is the client contact.

Cash management listing July 23.

A.M. Kailing & Associates Ltd.

4070 3 First National Plaza, Chicago, Ill. 60602; (312) 236-7540

Total assets managed	$94,000,000
Tax-exempt assets managed:	
Total	$90,000,000
Fully discretionary	$90,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	10
Types of accounts managed	CEF
No. of portfolio managers	1

A.M. Kailing & Associates, an equity manager, uses an equity approach best decribed as growth stock and low P/E.

As of Jan. 1 the tax-exempt asset mix was 70% stocks and 30% cash.

Clients include General Dynamics and Rust-Oleum.

A. Michael Kailing, president, is chief investment officer and the client contact.

Kanne, Paris & Hoban

135 S. LaSalle St., Chicago, Ill. 60603; (312) 372-2255

Total assets managed	$30,000,000
Tax-exempt assets managed:	
Total	$21,000,000
Fully discretionary	$21,000,000
Tax-exempt clients	18
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	4

Kanne, Paris and Hoban's equity approach is Graham & Dodd. The firm selects stocks in companies with strong internal performance, but undervalued by the market.

For fixed income, the firm takes a passive approach investing in maturities no more than five years out, with 20% maturing each year.

As of Jan. 1, the tax-exempt asset mix was 60% stocks and 40% bonds.

Jeffrey E. Kanne is the chief investment officer; Ernest J. Dunston is the client contact.

William J. Kautz Associates

1205 Franklin Ave., Garden City, N.Y. 11530; (516) 248-9688

Total assets managed	$30,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	3
Types of accounts managed	CGJ
No. of portfolio managers	1

William J. Kautz Associates, a balanced fund manager, seeks growth at the right P/E ratio. It recognizes value in stocks and uses market timing and a technical capability. Dollar averaging is used for fixed-income accounts.

As of Jan. 1, the asset mix was 68.3% stocks, 30.7% bonds and 1% cash.

Clients include Amalgamated Meat Cutters & Retail Food Store Employees Local 342 and the Superior Officers Council of the Police Department of New York City Annuity Fund.

William J. Kautz, president, is the chief investment officer and the client contact.

Keeley Asset Management

327 S. LaSalle St., Chicago, Ill. 60604; (312) 922-2050

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Minimum separate account	0
Tax-exempt clients	16
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	1

Keeley Asset Management uses growth stock, emerging growth and market timing in its approach to equities. A typical account has 75% invested in high-yield common stocks with written out-of-the-money calls and 25% invested in smaller, special situation stocks with a two-year time horizon. Options and stock index futures techniques are employed.

As of Jan. 1, the asset mix was 100% stocks.

John L. Keeley Jr. is chief investment officer and client contact.

Kemper Financial Services

120 S. LaSalle St., Chicago, Ill. 60603; (312) 845-1958

Total assets managed	$2,970,000,000
Tax-exempt assets managed:	
Total	$2,970,000,000
Fully discretionary	$2,970,000,000
International assets managed	$205,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	54
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	15

Kemper Financial Services emphasizes earnings growth momentum at reasonable P/E multiples through the full spectrum of equity securities.

The construction of bond portfolios comes from the manager's current interest rate forecast, sector analysis and credit research.

As of Jan. 1, the asset mix was 67.3% stocks, 21.4% bonds and 11.3% cash.

Clients include Eastman Kodak, Pillsbury, Shell Oil and St. Regis Paper.

Gordon P. Wilson is senior vice president and chief investment officer; Timothy H. Kilfoil, vice president and director of marketing, is the client contact.

Kennedy Associates Inc.

2400 Financial Center, Seattle, Wash. 98161; (206) 624-9640

Total assets managed	$1,944,000,000
Tax-exempt assets managed:	
Total	$1,944,000,000
Fully discretionary	$1,794,000,000
Real estate assets managed	$405,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	66
Types of accounts managed	EGJ
No. of portfolio managers	11
Size of research staff	5

Kennedy Associates combines each client's investment objectives with the firm's technical and fundamental research. Following growth stock and sector rotation techniques, it capitalizes on the long-term prospects of quality stocks.

The firm considers evaluation of the interest rate cycle and its relationship to the business cycle and the economic outlook most important in maximizing the expected fixed-income assets performance.

As of Jan. 1, the asset mix was 32% stocks, 52% bonds, 2% cash, 10% equity real estate and 4% mortgages.

Clients include International Ironworkers, the Orange County Retirement System, the Pacific Coast I.B.E.W and the San Bernardino Retirement System.

Duff Kennedy, president, is the chief investment officer; Roger V. Kelly, senior vice president, is the client contact.

Kennedy Capital Management Inc.

425 N. New Ballas Road, Suite 181, St. Louis, Mo. 63141; (314) 432-0400

Total assets managed	$87,000,000
Tax-exempt assets managed:	
Total	$63,000,000
Fully discretionary	$63,000,000
Minimum separate account	$250,000
Tax-exempt clients	168
Types of accounts managed	CE
No. of portfolio managers	2
Size of research staff	1

Kennedy Capital Management looks for fast growing companies with below average P/Es. Using market timing, exposure to equities is varied.

As of Jan. 1, the tax-exempt asset mix was 75% stocks and 25% cash.

Clients include Copperweld, Whittaker and Professional Mutual Insurance.

Gerald T. Kennedy, president, is chief investment officer; Thomas F. Basso, vice president, is client contact.

Key Trust Co.

60 State St., Albany, N.Y. 12207; (518) 447-3713

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$959,000,000
Fully discretionary	$413,000,000
Types of accounts managed	CEFJ
No. of portfolio managers	11
Size of research staff	3

Key Trust is a balanced manager and offers Frank Russell Investment Management Co. funds.

In equities, the firm looks for value in terms of growth potential vs. price. At times, growth stocks will offer the best value; at other times cyclical or moderate growth.

The firm uses options.

Key Trust monitors the business cycle and monetary policy, lengthening or shortening maturities accordingly.

As of Jan. 1, the asset mix was 50% stocks, 45% bonds and 5% cash.

Clients include Syracuse University and Combined Life Insurance Co.

Peter Farrell, senior vice president and economist, is the chief investment officer; Paul Atkinson, senior vice president, is the client contact.

Thomas D. Kienlen Corp.

975 Oak St., Suite 625, Eugene, Ore. 97401; (503) 686-2744

Total assets managed	$6,000,000
Tax-exempt assets managed:	
Total	$4,000,000
Fully discretionary	$4,000,000
Minimum separate account	0
Tax-exempt clients	15
Types of accounts managed	C
No. of portfolio managers	1

Thomas D. Kienlen is a market timer that uses only mutual funds.

As of Jan. 1, the asset mix was 100% mutual funds.

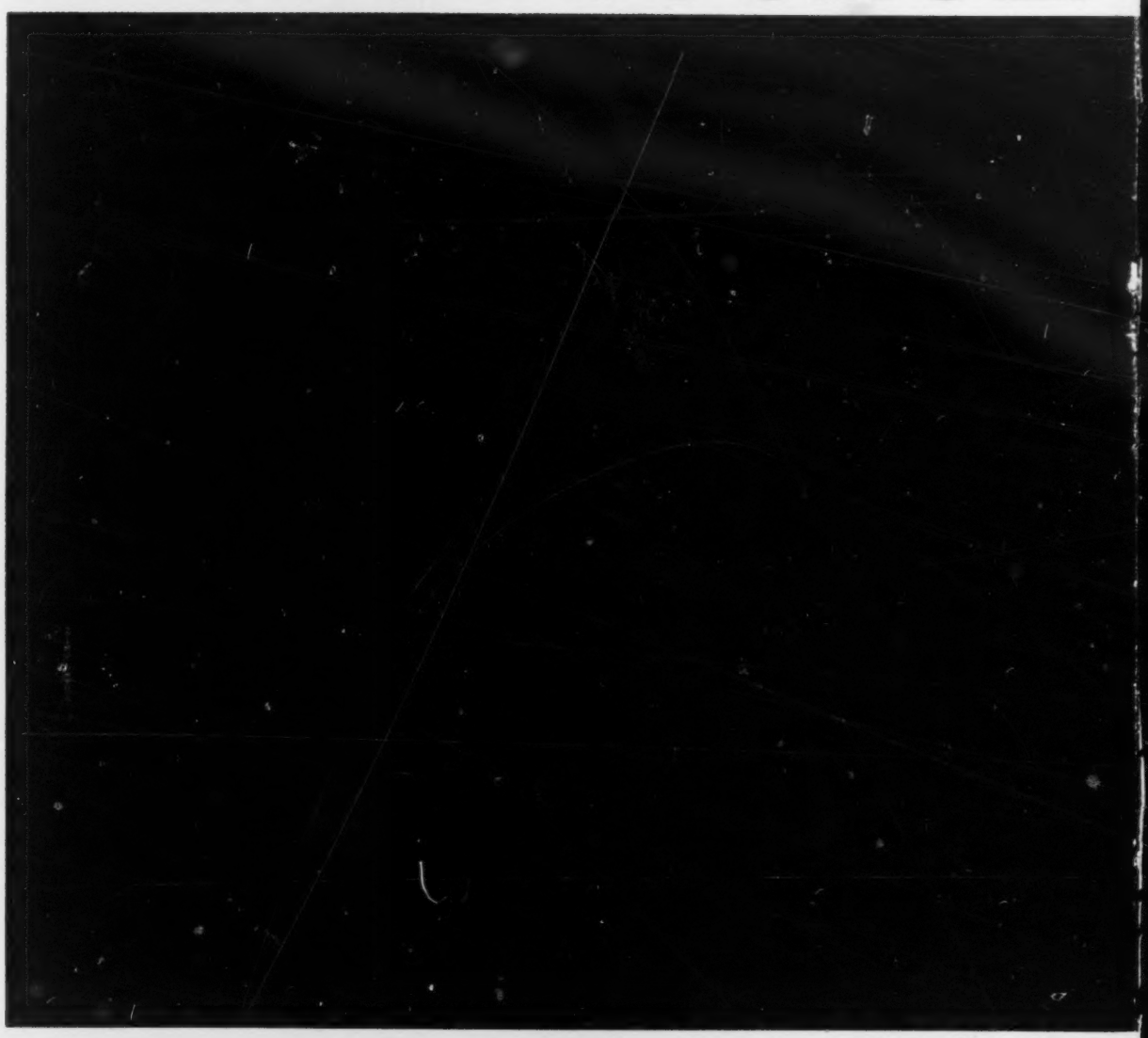
President Thomas D. Kienlen is the chief investment officer and the client contact.

Kingsley, Jennison, McNulty & Morse Inc.

220 Sansome St., Suite 1100, San Francisco, Calif. 94104; (415) 433-5844

Total assets managed	$670,000,000
Tax-exempt assets managed:	
Total	$620,000,000
Fully discretionary	$620,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	75
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	2

ENERGY SOURCE.



Chessie System Railroads

Seaboard System Railroad

Texas Gas Resources

Chessie System Railroads, Seaboard System Railroad and Texas Gas Resources are major units of CSX Corporation. © 1984 CSX Corporation

CSX Corporation continues to grow where its strength lies—in transportation and natural resources.

Since its formation in 1980, CSX has held major energy interests, including over 1.3 billion tons of recoverable coal reserves and leasing rights to more than 500,000 acres of oil and gas properties.

At the same time, CSX's railroad systems, the Chessie

Kingsley, Jennison, McNulty & Morse employs growth stock, emerging growth, sector rotation and market timing in its equity approach. Client portfolios are protected in adverse markets by asset allocation. Equity holdings compete for position with approximately 50 others on the basis of anticipated 18-month performance.

A short-term defensive fixed-income strategy is used, with investments in government-guaranteed securities. The firm uses interest rate anticipation.

As of Jan. 1, the asset mix was 75% stocks, 20% bonds and 5% cash.

Clients include GTE, Air Products & Chemicals Inc., Clorox and Kimberly-Clark.

Richard K. Kingsley, president, is the chief investment officer; Samuel B. Breck, senior vice president, is the client contact.

Kirkpatrick, Pettis, Smith, Polian Inc.

1623 Farnam, Suite 700, Omaha, Neb. 68102; (402) 449-1400

Total assets managed	$78,000,000
Tax-exempt assets managed:	
Total	$71,000,000
Fully discretionary	$71,000,000
Minimum separate account	$100,000
Tax-exempt clients	17
Types of accounts managed	CEGJ
No. of portfolio managers	4
Size of research staff	2

Kirkpatrick, Pettis, Smith, Polian is a traditional fundamentalist firm. It seeks undervalued securities in less efficient market sectors. Investment decisions are based primarily on long-term relative value.

The firm staggers fixed-income instrument maturities, and adjusts the average maturity based on its interest rate outlook.

As of Jan. 1, the tax-exempt asset mix was 57% stocks, 37% bonds and 6% cash.

Clients include the Omaha Police & Fireman's Retirement Trust and the Omaha Construction Industry Pension.

Randall D. Greer, vice president, is the chief investment officer and the client contact.

Kirr, Marbach and Co.

522 Franklin St., Columbus, Ind. 47201; (812) 376-9444

Total assets managed	$157,000,000
Tax-exempt assets managed:	
Total	$124,000,000
Fully discretionary	$124,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEF
No. of portfolio managers	1
Size of research staff	2

Kirr, Marbach and Co. is a balanced manager with an equity approach best described as growth stock and low P/E. The firm's fixed-income approach is passive, and limits bonds to intermediate-term maturities.

As of Jan. 1, the asset mix was 70% stocks, 22% bonds and 8% cash.

Terry C. Marbach is chief investment officer, and David M. Kirr is the client contact.

Kleinwort Benson International Investment

100 Wall St., New York, N.Y., 10005; (212) 747-0440

Total assets managed	$312,000,000
Tax-exempt assets managed:	
Total	$312,000,000
Fully discretionary	$312,000,000
International assets managed	$312,000,000
Minimum separate account	0
Tax-exempt clients	14
Types of accounts managed	CEFJ
No. of portfolio managers	4
Size of research staff	56

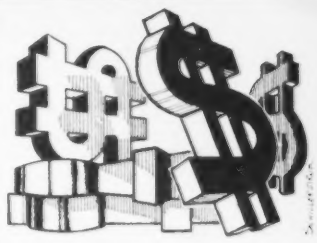
Kleinwort Benson International, an international manager, follows an equity approach best described as growth stock. The firm uses a bottom-up approach, selecting equities for growth characteristics and good value in their markets, rather than the country or currency.

Fixed income, when included, is selected on a top-down basis, with interest rate and currency trends of primary importance.

As of Jan. 1, the tax-exempt asset mix was 97% international equities and 3% cash.

Clients include Allied Corp., General Motors, National Rural Electric Cooperative Assocation and Union Oil.

John F.H. Trott of London, chairman, is the chief investment officer; Donald Hurley Jr., director, is the client contact.



Kronwall Capital Management Inc.

6300 E. El Dorado Plaza, Suite C, Tucson, Ariz. 85715; (602) 886-3130

Total assets managed	$103,000,000
Tax-exempt assets managed:	
Total	$86,000,000
Fully discretionary	$86,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	21
Types of accounts managed	CEFGJ
No. of portfolio managers	2
Size of research staff	1

Kronwall Capital's equity approach concentrates on identifying stocks having strong earnings momentum with low relative and absolute P/Es.

Its fixed-income approach employs interest rate anticipation and concentrates on credit quality. Convertibles might be used as substitutes for straight debt.

As of Jan. 1, the asset mix was 73% stocks, 6% bonds and 21% cash.

Nicholas B. Kronwall, president, is chief investment officer and client contact.

Kuehne, Rock & Mazour

400 Montgomery St., Suite 502, San Francisco, Calif. 94104; (415) 434-2850

Total assets managed	$55,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$20,000,000
Minimum separate account	0
Tax-exempt clients	18
Types of accounts managed	CEFGJ
No. of portfolio managers	3

The equity portion of Kuehne, Rock & Mazour's portfolios is selected based on fundamentals, security value and expected return analysis. The firm is a market timer.

Kuehne, Rock uses interest rate anticipation for fixed-income, with bond positions chosen by quality rating, current yields and conversion values when appropriate.

As of Jan. 1, the asset mix was 75% stocks, 15% bonds and 10% cash.

Ten percent of the equity allocation is covered by call options.

Clients include Bell National Corp., the Lowell Berry Foundation, the Oakland Symphony and the San Francisco Apartment Employees' Union.

William C. Kuehne, president, is chief investment officer; Theodore F. Ross, vice president, is client contact.

L

Ladenburg, Thalmann Investment Management

540 Madison Ave., New York, N.Y. 10022; (212) 872-1320

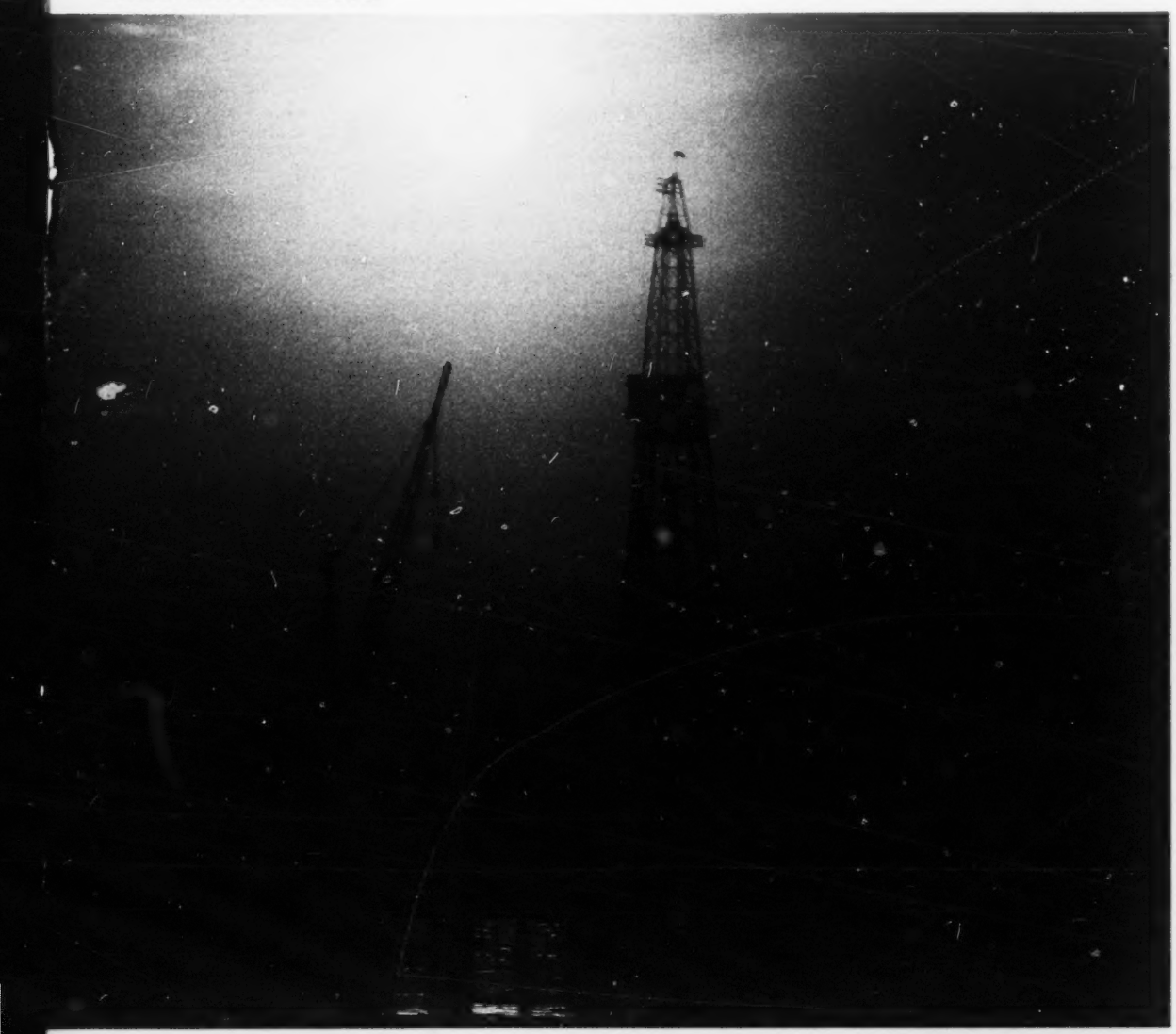
Total assets managed	$25,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Minimum separate account	$350,000
Tax-exempt clients	14
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

Ladenburg, Thalmann specializes in identifying small- to intermediate-capitalized growth stocks.

As of Jan. 1, the asset mix was 85% stocks and 15% cash.

Clients include Whittaker Corp., Aerospace Techniques, the Retired Officers Association and United Sound Arts.

CSX Corporation Strengthens Its Financial Stability By Merger With Texas Gas Resources.



and Seaboard, have been hauling more coal for domestic and export use than anyone else.

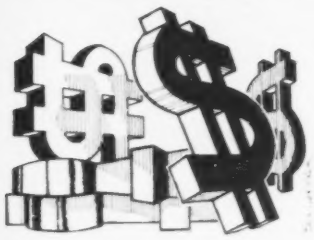
But the merger with Texas Gas Resources does more than increase CSX's assets to over $10 billion while adding oil and gas exploration and development ventures around the world.

Because the 6,000-mile Texas Gas Resources pipeline not only transports natural gas to supply the Southeast, Midwest and Northeast. Its more than $2 billion in revenues also serve as a vital energy source to fuel future growth for America's transportation and natural resource leader.

For more information, write to CSX Corporate Communications, P.O. Box C-32222, Department F-3A, Richmond, VA 23261.

CSX CORPORATION

America's Largest Transportation And Natural Resource Company.



Stanley J. Goldring, president, is the chief investment officer; James A. Goble, executive vice president, is the client contact.

Landauer Advisors Inc.

335 Madison Ave., New York, N.Y., 10017; (212) 687-2323

Total assets managed	$590,000,000
Tax-exempt assets managed:	
Total	$590,000,000
Fully discretionary	$35,000,000
Real estate assets managed	$590,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	8
Types of accounts managed	C
No. of portfolio managers	4
Size of research staff	4

Landauer Advisors invests in existing, well-located, high-quality real estate with excellent tenants.

Clients include the pension plans of Royal Dutch Shell, Unilever of London, General Motors and Monsanto.

John D. Ryan, president, is the chief investment officer and the client contact.

LaSalle Advisors Inc.

11 S. LaSalle St., Chicago, Ill. 60603; (312) 782-5800

Total assets managed	$1,670,000,000
Tax-exempt assets managed:	
Total	$700,000,000
Real estate assets managed	$700,000,000
Minimum separate account	$100,000,000
Tax-exempt clients	25
Types of accounts managed	CFG

LaSalle Advisors is a real estate manager, and as of Jan. 1, was invested 100% in equity real estate.

Clients include United Air Lines Inc., Virginia Supplemental Retirement System, Richard King Mellon Foundation and International Paper Co.

Stanislaw Maliszewski is the client contact.

Lateef Management Associates

500 Sansome St., San Francisco, Calif. 94111; (415) 981-2102

Total assets managed	$124,000,000
Tax-exempt assets managed:	
Total	$77,000,000
Fully discretionary	$68,000,000
Minimum separate account	$500,000
Tax-exempt clients	70
Types of accounts managed	CEJ
No. of portfolio managers	3

Lateef Management Associates is a balanced manager that uses a variety of analytical techniques in its equity approach. The firm's strategy is to identify equity investments offering either an earnings acceleration, the potential for asset revaluation, or strong sector or group attractiveness.

It stresses quality and safety in its fixed-income investments. Using interest rate forecasts, investments are switched between maturities and sectors to maintain principal value and current yield.

As of Jan. 1, the asset mix was 64% stocks, 27% bonds and 9% cash.

Khateeb A. Lateef, general partner, is the chief investment officer and the client contact.

Latimer & Buck

121 S. Broad St., Philadelphia, Pa. 19107; (215) 985-3900

Total assets managed	$1,250,000,000
Tax-exempt assets managed:	
Total	$1,250,000,000
Fully discretionary	$1,250,000,000
Real estate assets managed	$1,250,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	2
Types of accounts managed	CG
No. of portfolio managers	3
Size of research staff	10

Latimer & Buck is a real estate manager whose asset mix, as of Jan. 1, was 50% equity real estate and 50% mortgages.

Clients include the Pennsylvania Public School Employees' Retirement System.

Richard Goldbeck, senior vice president, and Douglas Callantine, vice president, are the chief investment officers.

C.J. Lawrence Management

115 Broadway, New York, N.Y. 10006; (212) 306-9480

Total assets managed	$248,000,000
Tax-exempt assets managed:	
Total	$54,000,000
Fully discretionary	$54,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	19
Types of accounts managed	CEFJ
No. of portfolio managers	5
Size of research staff	22

C.J. Lawrence Management is an equity manager whose sector-concentration/rotation strategy is based on top-down asset allocation using macroeconomic forecasting. Special emphasis is on interest rates and energy. Intensive fundamental research and relative valuation disciplines drive the stock selection process.

As of Jan. 1, the asset mix was 77% stocks, 8% bonds and 15% cash.

Clients include New York Eye and Ear Infirmary Endowment, the United Family and Children's Society, Mount Hope Finishing Co. Profit-sharing Plan and Klingsberg Family Center. E. William Smethurst Jr., managing director, is the chief investment officer; Barbara P. Chmiel, manager-client services, is the client contact.

Lazard Freres Asset Management

1 Rockefeller Plaza, New York, N.Y. 10020; (212) 489-6600

Total assets managed	$2,900,000,000
Tax-exempt assets managed:	
Total	$2,200,000,000
Fully discretionary	$2,200,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	42
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	6

Lazard Freres Asset Management uses proprietary research to discover and validate stocks where it receives more (high returns on equity and assets) than it paid for (price/book-value).

For fixed income, the manager follows a valuation process that examines credit quality and yield differentials. It selects those securities offering potentially higher returns consistent with the firm's standards of quality.

As of Jan. 1, the asset mix was 55% stocks, 33% bonds and 12% cash.

Clients include New York Electric & Gas Corp., the Bakery & Confectionery Unions, the New York City Carpenters and General Dynamics.

Herbert W. Gullquist is the chief investment officer; vice presidents Mark W. Hamilton and Anthony J. Dote Jr. are the client contacts.

R.M. Leary & Co. Inc.

3300 E. First Ave., Suite 380, Denver, Colo. 80206; (303) 320-1063

Total assets managed	$23,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Minimum separate account	$100,000
Tax-exempt clients	90
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	3

R.M. Leary & Co. uses market timing in its equity approach. A bond fund, an anchor money market and a volatile stock fund are employed to take advantage of dependable market fluctuations.

For fixed income, money markets, within each mutual fund group, are used only during bearish markets.

As of Jan. 1, the asset mix was 50% stocks and 50% bonds.

Bob Leary, president, is the chief investment officer; Kate Lee, executive vice president, is the client contact.

Leavy Investment Management Inc.

6400 Powers Ferry Road, Suite 102, Atlanta, Ga. 30339; (404) 951-9314

Total assets managed	$120,000,000
Tax-exempt assets managed:	
Total	$120,000,000
Fully discretionary	$85,000,000
Minimum separate account	0
Tax-exempt clients	12
Types of accounts managed	CFGJ
No. of portfolio managers	2
Size of research staff	1

Leavy Investment Management's equity approach is balanced, seeking to lower risk while maximizing return potential. Its four principles are willingness to go against the crowd; price sensitivity; high quality; and adequate diversification.

For fixed income, the firm seeks the best compromise between the reinvestment rate risk (short-term bonds and cash) and risk of market value fluctuations (long bonds). The emphasis is on reaction to, rather than prediction of, changes in interest rates.

As of Jan. 1, the asset mix was 20% stocks, 75% bonds and 5% cash.

Clients include National Gypsum, Presbyterian Foundation, Washington Sanitary Commission and Service Employees International Union.

President John M. Leavy is the chief investment officer and the client contact.

Legg Mason Capital Management

7 E. Redwood St., Baltimore, Md. 21203; (301) 539-3400

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Minimum separate account	$200,000
Tax-exempt clients	15
Types of accounts managed	CE
No. of portfolio managers	3
Size of research staff	9

Legg Mason Capital Management's equity "value approach" stresses the purchase of securities that appear to be undervalued in relation to the long-term earning power or asset value of their underlying companies. The fixed-income approach is passive.

As of Jan. 1, the asset mix was 80% stocks and 20% cash.

Ernest C. Kiehne is the chief investment officer; Philip E. Sachs is the client contact.

Lehman Management Co.

55 Water St., New York, N.Y. 10041; (212) 558-3324

Total assets managed	$9,190,000,000
Tax-exempt assets managed:	
Total	$5,484,000,000
Fully discretionary	$5,384,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	129
Types of accounts managed	CEFGJ
No. of portfolio managers	22
Size of research staff	10

For Taft-Hartley funds, Lehman Management's emphasis is on a contrarian value-oriented total return approach with risk control to provide investment returns substantially independent of overall conditions. For corporate funds, purchases are in growth-oriented securities at reasonable prices.

Bonds are managed actively, based on interest rate forecasts and proprietary quantitative techniques.

As of Jan. 1, the asset mix was 24% stocks, 58% bonds and 18% cash.

Clients include the Bricklayers and Trowel Trades International Pension Fund, the Graphic Arts International Union Supplemental Retirement and Disability Fund, Halliburton Company and the New York City Employees' Retirement Program.

Coleman M. Brandt, executive vice president, is the chief investment officer; Robert A. Arkison, president (Taft-Hartley), and H. Scott Higgins, senior vice president (corporate), are the client contacts.

Lehndorff & Babson Real Estate Counsel Inc.

2501 Cedar Springs Ave., Dallas, Texas 75201; (214) 871-7688

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$257,000,000
Real estate assets managed	$257,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	14
Types of accounts managed	CGJ
No. of portfolio managers	2

Lehndorff & Babson Real Estate Counsel was invested 100% in equity real estate as of Jan. 1.

Clients include Atlantic Richfield, Dresser Industries, the state of New Jersey and United Technologies.

John D. Gourley, president, is the chief investment officer; Robert M. Angland, executive vice president, is the client contact.

Leland O'Brien Rubinstein Associates Inc.

1900 Avenue of the Stars, Suite 1080, Los Angeles, Calif. 90067; (213) 552-9100

Total assets managed	$650,000,000
Tax-exempt assets managed:	
Total	$590,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	17
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	3

Leland O'Brien Rubinstein offers dynamic hedging programs to protect equity and fixed-income portfolios at the minimum reduction in upside potential (portfolio insurance).

The firm uses options, stock-index futures and fixed-income futures.

As of Jan. 1, the asset mix was 70% stocks and 30% cash.

Clients include Aetna Life, Honeywell, the PBGC and Wells Fargo Investment Advisors.

Robert Ferguson, vice president, is the chief investment officer; John W. O'Brien, president, is the client contact.

Julian A. Lerner & Associates

1850 Two Lincoln Centre, 5420 LBJ Freeway, Dallas, Texas 75240; (214) 980-1800

Total assets managed	$201,000,000
Tax-exempt assets managed:	
Total	$123,000,000
Fully discretionary	$123,000,000
Minimum separate account	$4,000,000
Tax-exempt clients	21
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

Julian A. Lerner, an equity only manager, purchases quality companies with accelerating earnings and revenue trends whose prices display relative strength to the market.

As of Jan. 1, the asset mix was 75% stocks and 25% cash.

Clients include Aerospace, McGraw Edison, Post Corp. and SCOA Industries.

President Julian A. Lerner is the chief investment officer and the client contact.

Lesesne & Co. Inc.

3414 Peachtree Road N.W., Suite 820, Atlanta, Ga. 30305; (404) 581-0708

Total assets managed	$33,000,000
Tax-exempt assets managed:	
Total	$33,000,000
Fully discretionary	$33,000,000
Minimum separate account	$250,000
Tax-exempt clients	55
Types of accounts managed	CFJ
No. of portfolio managers	1
Size of research staff	1

Lesesne & Co. Inc. uses three high-quality stock, bond and money market no-load mutual funds.

As of Jan. 1, the asset mix was 100% bonds.

Clients include Atlanta Plumbers & Steamfitters Local #72, Rock-Tenn Co., Coronet Industries and Sheetmetal Workers Local #85.

Brannon B. Lesesne Jr. is the chief investment officer and the client contact.

Lexington Management

580 Sylvan Ave., Englewood Cliffs, N.J. 07632; (201) 567-2000

Total assets managed	$980,000,000
Tax-exempt assets managed:	
Total	$313,000,000
Fully discretionary	$313,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	35
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	6

Lexington Management uses fundamental analysis to screen stock candidates. It employs a bottom-up process to construct portfolios and purchase equities in any industry if the appreciation potential is justified.

The balanced manager employs a rate anticipation process with a defensive underpinning in fixed income. If the outlook for interest rates is neutral or uncertain, the firm pursues a very defensive position. Lexington Management uses options.

As of Jan. 1, the asset mix was 58% stocks, 32% bonds and 10% cash.

Clients include A.H. Robins, Wake Forest University, Wheeling Pittsburgh Steel and the city of Ann Arbor, Mich.

John W. Johnson, chief investment officer and Robert M. DeMichele, chief executive officer, are the chief investment officers; Joseph Barcic Jr., executive vice president, is the client contact.

Leylegian Investment Management

855 Oak Grove Ave., Suite 200, Menlo Park, Calif. 94025; (415) 325-1055

Total assets managed	$110,000,000
Tax-exempt assets managed:	
Total	$110,000,000
Fully discretionary	$110,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	5
Types of accounts managed	CEF
No. of portfolio managers	1
Size of research staff	2

Leylegian Investment Management uses a top-down global economic overview to determine the equity-cash mix. The portfolios have approximately 30 stocks with low P/Es and strong balance sheets. It uses computer-based sell discipline.

As of Jan. 1, the asset mix was 95% stocks and 5% cash.

Clients include Conoco, Imperial Trust, Salvation Army and Union Pacific.

Jack H. Leylegian II is the chief investment officer and the client contact.

Liberty Capital Management

11 Broadway, New York, N.Y. 10004; (212) 509-0550

Total assets managed	$251,000,000
Tax-exempt assets managed:	
Total	$68,000,000
Fully discretionary	$68,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	10
Types of accounts managed	CFGJ
No. of portfolio managers	2
Size of research staff	1

Liberty Capital Management is a cash and fixed-income manager whose investment approach is based on four principles: interest rates cannot be predicted; bond price movements are more important than yield; quantitative models and disciplines increase the possibility of superior performance; and loss protection and profit participation are emphasized equally.

The firm uses options and fixed-income futures.

Clients include Scott Fetzer, Hawaii Medical Services, the ILGWU and the city of Hartford, Conn.

William Chapman, Jon Leader and Alexander Powers are the chief investment officers; Daniel J. Kapica, director of marketing, is the client contact.

Liberty National Bank

P.O. Box 32500, Louisville, Ky. 40232; (502) 566-2000

Total assets managed	$1,450,000,000
Tax-exempt assets managed:	
Total	$625,000,000
Fully discretionary	$575,000,000
Tax-exempt clients	610
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	2

In its equity approach, Liberty National Bank blends quantitative modeling with technical and fundamental overlays by a market timing strategy and self-discipline.

For fixed income, maturities are adjusted within Wall Street constraints. Spread differentials are important in the balanced manager's fixed-income strategies, and agencies are widely used when appropriate.

The bank uses options.

As of Jan. 1, the asset mix was 45%

stocks, 50% bonds and 5% cash.

Clients include Allis-Chalmers, Capital Holding, the city of Owensboro, Ky. and Methodist Hospital.

Robert C. Gray, senior vice president, is the chief investment officer; Kennedy H. Clark Jr., senior vice president, is the client contact.

Lincoln Capital Management

200 S. Wacker Drive, Chicago, Ill. 60606; (312) 559-2880

Total assets managed	$2,680,000,000
Tax-exempt assets managed:	
Total	$2,653,000,000
Fully discretionary	$2,653,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	44
Types of accounts managed	CEFGJ
No. of portfolio managers	2
Size of research staff	6

Lincoln Capital Management is a specialty manager emphasizing quality growth stocks. The firm employs interest rate anticipation in an active fixed-income strategy that results in assured minimum return.

As of Jan. 1, the asset mix was 34% stocks, 60% bonds and 6% cash.

Clients include AT&T, Allied, Ford Foundation and General Motors.

President J. Parker Hall III is the client contact.

Lincoln First Bank

1 Lincoln First Square, Rochester, N.Y. 14643; (716) 258-5250

Total assets managed	$3,000,000,000
Tax-exempt assets managed:	
Total	$650,000,000
Fully discretionary	$650,000,000
Master trust assets	$100,000,000
Master custodian assets	$140,000,000
Minimum separate account	$500,000
Tax-exempt clients	300
Types of accounts managed	CEF
No. of portfolio managers	14
Size of research staff	7

The equity approach of Lincoln First Bank is diversified by manager and style, using a combination of in-house and outside management.

The balanced manager's fixed-income approach is a combination of anticipatory, sector analysis and market response strategies, with emphasis on the short to intermediate term.

As of Jan. 1, the asset mix was 40% stocks, 40% bonds and 20% cash.

The bank uses options, and plans to start using stock index futures and fixed-income futures this year.

W. Christopher Maxwell, senior vice president, is the chief investment officer; Don A. Hessler, vice president, is the client contact.

Lincoln National

1300 S. Clinton St., Fort Wayne, Ind. 46801; (219) 427-4700

Total assets managed	$10,000,000,000
Tax-exempt assets managed:	
Total	$3,823,000,000
Fully discretionary	$3,823,000,000
Real estate assets managed	$1,200,000
Minimum separate account	$500,000
Tax-exempt clients	3,050
Types of accounts managed	CGJ
No. of portfolio managers	10
Size of research staff	14

The equity process of Lincoln National is top-down, driven by macroeconomic studies and forecasts. The insurer concentrates on selecting firms that provide the best value within industries with superior performance potential.

Lincoln National's fixed-income portfolios seek an attractive total return (income plus capital appreciation) through purchases of good-quality securities with good call protection. High current income is an important requirement.

The company uses fixed-income futures.

As of Jan. 1, the asset mix was 19% stocks, 39% bonds, 9% cash and 33% mortgages.

Clients include Ford, General Electric, National Can and Federal Express.

C. David Silletto, president of Lincoln National Life, is chief investment officer; Ronald L. Cannon, vice president-investments, is client contact.

Canadian advisers will be ranked and profiled in the July 9 issue.

Lipper Analytical Services

5 Carol Road, Westfield, N.J. 07090; (201) 233-8100

Total assets managed	$102,000,000
Tax-exempt assets managed:	
Total	$92,000,000
Fully discretionary	$68,000,000
International assets managed	$3,400,000
Minimum separate account	$2,000,000
Tax-exempt clients	11
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	17

Lipper Analytical Services, which invests client portfolios exclusively in investment companies, emphasizes diversification, specialization, rotation and low valuation, using mutual funds. Within the requirements of each account, Lipper believes in broad diversification of investment styles across domestic and international equities.

Money market instrument funds are the primary fixed-income vehicles. On occasion, either high- or low-quality long-term bond funds are used.

As of Jan. 1, the assets were invested 100% in investment companies.

Clients include PPG Industries, the Population Council, American Stock Exchange Executive Deferred Compensation Plan and the Foundation for Child Development.

A. Michael Lipper, president, is the chief investment officer; Henry Shilling, director of marketing, is the client contact.

Loewi Asset Management

700 N. Water St., Milwaukee, Wis. 53202; (414) 347-3500

Total assets managed	$120,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$80,000,000
Minimum separate account	$250,000
Tax-exempt clients	92
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	1

Loewi Asset Management, a balanced manager, follows emerging growth stocks in its equity approach and focuses on interest rate anticipation for its fixed-income strategy.

As of Jan. 1, the asset mix was 48% stocks, 27% bonds and 25% cash.

Clifford T. Nilsen, president, is the chief investment officer; William C. Ihlenfeld and William R. Sachse are the client contacts.

Lombard Odier International Portfolio Management Ltd.

Portland House, 72-73 Basinghall St., London, EC2V 5PB; (01) 606-9811

Total assets managed	$420,000,000
Tax-exempt assets managed:	
Total	$300,000,000
Fully discretionary	$300,000,000
International assets managed	$300,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	7
Types of accounts managed	C
No. of portfolio managers	8
Size of research staff	6

Lombard Odier International seeks to invest in equity sectors with above-average growth potential. Its rigid internal research identifies companies with the financial dynamism and management expertise to maximize real growth over time.

The international manager's fixed-income policy is based on practical, fundamental economic research that is used as an aid to interest rate anticipation.

The firm also makes use of the anomalies present in over-the-counter Euromarkets.

As of Jan. 1, the asset mix was 95% stocks and 5% cash.

Ken Mathysen-Gerst is the chief investment officer; George Yarneff is the client contact at Lombard Odier Inc., 717 Fifth Ave., New York, N.Y. 10022; (212) 750-9830.

Loomis, Sayles & Co. Inc.

225 Franklin St., Boston, Mass. 02110; (617) 482-2450

Total assets managed	$12,475,000,000
Tax-exempt assets managed:	
Total	$9,813,000,000
Fully discretionary	$6,406,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	462
Types of accounts managed	CEFGJ
No. of portfolio managers	53
Size of research staff	28

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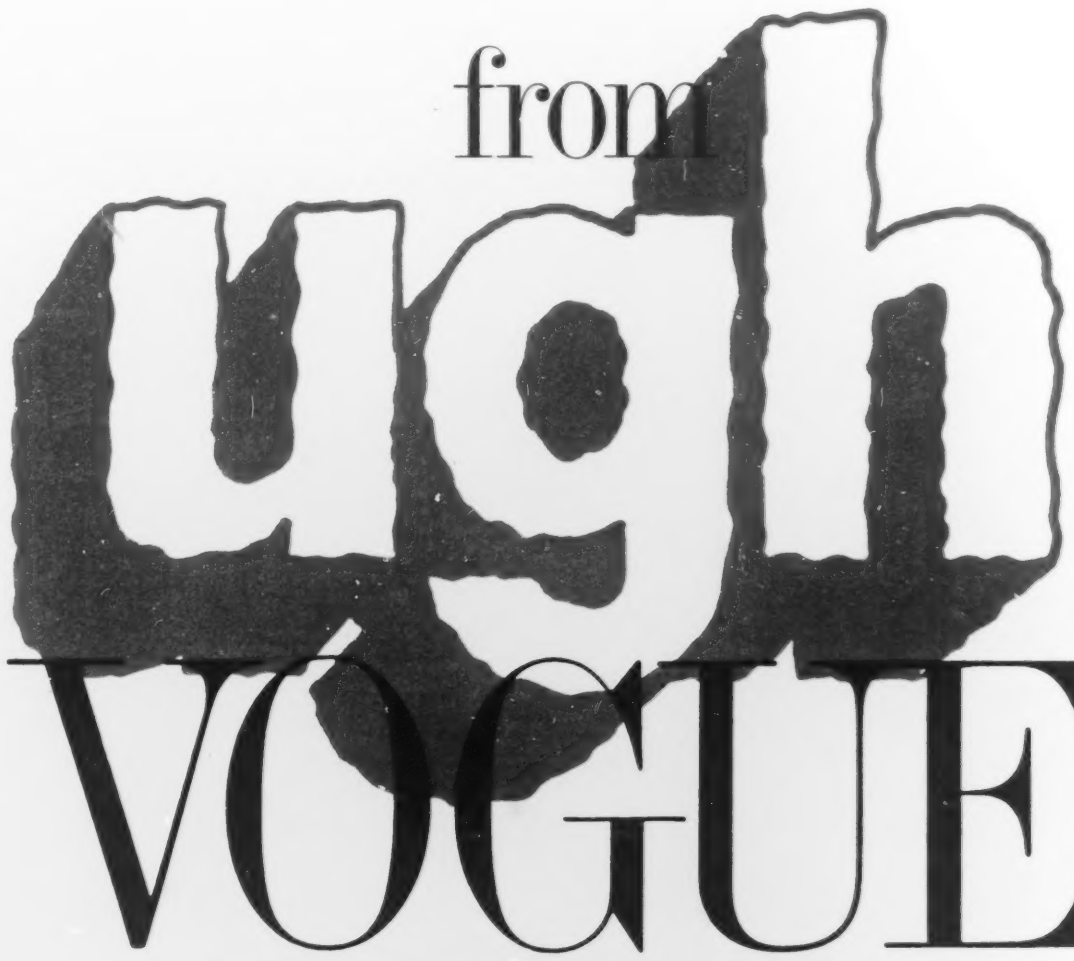

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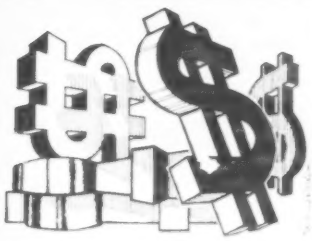

Loomis, Sayles uses flexible group rotation among all types of stocks, based on its equity valuation process. The firm looks for exceptional, unexpected earnings surges.

Its fixed-income approach relies on its flexible maturity structure with heavy emphasis on credit research on underrated issues with upgrade potential.

Options are used.

As of Jan. 1, the asset mix was 42% stocks, 53% bonds and 5% cash.

Clients include AT&T, Federated Department Stores, Norfolk Southern and Rohm & Haas.

Robert L. Kemp, president and chief executive officer, is the chief investment officer; Charles C. Thomas, vice president and director of marketing, is the client contact.

Lord, Abbett & Co.

63 Wall St., New York, N.Y. 10005; (212) 425-8720

Total assets managed	$5,611,000,000
Tax-exempt assets managed:	
Total	$2,338,000,000
Fully discretionary	$2,338,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	23
Types of accounts managed	CE
No. of portfolio managers	8
Size of research staff	15

Lord, Abbett is a balanced manager whose equity holdings generally are characterized by low ratios of price to estimated trend-line earnings, dividend and net asset value relative to corresponding ratios for the S&P 500.

The firm's fixed-income approach focuses on non-traditional management, with an emphasis on lower-rated and convertible issues.

As of Jan. 1, the asset mix was 91% stocks, 4% bonds and 5% cash.

Clients include American Cyanamid, AT&T, Emerson Electric and Great Atlantic & Pacific Tea.

John M. McCarthy, managing partner, is the chief investment officer; Ronald P. Lynch, managing partner, is the client contact.

Lotsoff Capital Management

141 W. Jackson Blvd., Chicago, Ill. 60604; (312) 322-6966

Total assets managed	$115,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	5

The fixed-income strategy of Lotsoff Capital Management is driven by an awareness of a bond portfolio's price risk. The aggressive style of the fixed-income manager features financial futures leading to separate security selection from interest-rate price risk.

As of Jan. 1, the assets were invested 100% in bonds.

Clients include Northwestern National Life Insurance and New Jersey Life Insurance.

Seymour Lotsoff, president, is the chief investment officer; Stephen Bossu, vice president, is the client contact.

Louisiana National Bank

P.O. Box 1511, Baton Rouge, La. 70821; (504) 389-4259

Total assets managed	$575,000,000
Tax-exempt assets managed:	
Total	$363,000,000
Fully discretionary	$307,000,000
Minimum separate account	$200,000
Tax-exempt clients	400
Types of accounts managed	CEFGJ
No. of portfolio managers	4

Louisiana National Bank is a balanced manager that relies on sector rotation in equity strategies and has a passive fixed-income approach.

As of Jan. 1, the asset mix was 22% stocks, 58% bonds, 6% money market cash, 4% CDs and 10% miscellaneous investments.

Donald E. Allred, vice president and trust investment officer, is the chief investment officer; Jack Brabhom is the client contact.

Lovett, Ward & Bertelsen

84 State St., Boston, Mass. 02109; (617) 720-4220

Total assets managed	$93,000,000
Tax-exempt assets managed:	
Total	$76,000,000
Fully discretionary	$76,000,000
Minimum separate account	$4,000,000
Tax-exempt clients	20
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	1

Lovett, Ward & Bertelsen has a flexible, conservative equity approach. The firm rotates its strategic biases into underexploited market areas and adheres to strict sell disciplines.

The firm monitors and anticipates changes in the Federal Reserve monetary policy and schedules maturities appropriately.

As of Jan. 1, the asset mix was 80% stocks, 5% bonds and 15% cash.

Clients include Master, Mates & Pilots, the Society of St. John, Checon Corp. and the Sheet Metal Workers.

Andrew H. Ward, president, is the chief investment officer; Christian C. Bertelsen, executive vice president, is the client contact.

The Lowry Management

350 Royal Palm Way, Palm Beach, Fla. 33480; (305) 655-1511

Total assets managed	$120,000,000
Tax-exempt assets managed:	
Total	$120,000,000
Fully discretionary	$120,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CE
No. of portfolio managers	4
Size of research staff	6

Lowry Management is an equity manager whose equity strategy involves market timing through statistical probabilities. All of its clients are institutional and tax-exempt.

As of Jan. 1, the asset mix was 100% cash.

Burr E. Stevens, vice president, is the chief investment officer and the client contact.

Lynch & Mayer Inc.

650 5th Ave., New York, N.Y. 10021; (212) 246-7760

Total assets managed	$792,000,000
Tax-exempt assets managed:	
Total	$757,000,000
Fully discretionary	$757,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	25
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	2

Lynch & Mayer is an equity manager that continually searches for and evaluates companies undergoing positive fundamental changes. It invests in those companies only when such changes offer the potential of a 50% price appreciation during a 12-month horizon.

As of Jan. 1, the asset mix was 91% stocks and convertible bonds and 9% cash.

Clients include CBS, CPC International, Florida Power & Light and Allied Corp.

Eldon C. Mayer Jr., president, is the chief investment officer; Dennis P. Lynch, vice president, is the client contact.

MacKay-Shields Financial

551 5th Ave., New York, N.Y. 10176; (212) 986-1100

Total assets managed	$5,251,000,000
Tax-exempt assets managed:	
Total	$5,240,000,000
Fully discretionary	$5,240,000,000
International assets managed	$200,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	81
Types of accounts managed	CEFG
No. of portfolio managers	12
Size of research staff	5

The equity objective of MacKay-Shields Financial is to produce annual returns greater than inflation and the S&P 500. The firm employs growth stock, emerging growth and market timing strategies, purchasing companies with internal growth rates substantially greater than inflation.

In fixed-income management, the balanced manager relies on market timing and specialty investments (floaters, convertibles) with a primary goal of providing total returns that consistently exceed inflation. Buy/sell disciplines are emphasized.

The firm's international assets were in Eurodollar bonds.

As of Jan. 1, the asset mix was 75% stocks, 19% bonds and 6% cash.

William R. Grant, chairman, is the chief investment officer; William H. Todd, executive director, is the client contact.

Madison Investment Advisors Inc.

402 S. Gammon Place, Madison, Wis. 53719; (608) 833-6300

Total assets managed	$78,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	$65,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	50
Types of accounts managed	CF
No. of portfolio managers	3

Madison Investment Advisors is a balanced manager that seeks desirable equity results with low variability through market timing and willingness to maintain large uninvested positions.

For fixed income, it uses market timing with a willingness to make occasional shifts due to interest rate expectations.

The firm uses options.

As of Jan. 1, the asset mix was 45% stocks, 30% bonds and 25% cash.

Clients include American Society of Agronomy and University Physicians Retirement.

President Frank E. Burgess is chief investment officer and client contact.

Management Asset Corp.

19 Compo Road S., P.O. Box 5006, Westport, Conn. 06881; (203) 226-4768

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$375,000,000
Fully discretionary	$375,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	21
Types of accounts managed	CFGJ
No. of portfolio managers	5
Size of research staff	3

Management Asset Corp. uses a bottom-up stock-picker approach with emphasis on sound financial structure and low historical price in relation to price and broad diversification.

As of Jan. 1, the asset mix was 88% stock and 12% cash.

Clients include Raymark, Xerox, the New York City Teachers' Retirement System and 3M.

President Leonard M. Heine Jr., president, is the chief investment officer and the client contact.

Manufacturers Hanover Investment Corp.

600 5th Ave., New York, N.Y. 10020; (212) 957-0760

Total assets managed	$24,000,000,000
Tax-exempt assets managed:	
Total	$23,000,000,000
Fully discretionary	$20,000,000,000
Real estate assets managed	$1,500,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	292
Types of accounts managed	CEFGJ
No. of portfolio managers	26
Size of research staff	16

The primary equity thrust of Manufacturers Hanover is directed toward identifying sectors and industries considered to be attractive investments on the basis of economic and market projections.

Its active fixed-income management involves selecting a maturity mix appropriate to the interest rate outlook, yield curve volatility and total return variability.

It uses options and fixed-income futures.

MH Investment Counsel, with $1.8 billion under management, is a division of Manufacturers Hanover Investment Corp. with six regional offices. It offers local management of accounts for endowment funds, corporate and labor union retirement funds. The headquarters of MH Investment Counsel are in Atlanta. Contact Fred R. Betts, president, at (404) 659-3814.

As of Jan. 1, the asset mix of Manufacturers Hanover Investment Corp. was 47% stocks, 50% bonds, 1% cash, 1% equity real estate and 1% mortgages.

Clients include B. Altman, Columbia Pictures, E-Systems and LTV.

Victor J. Melone, president and chief executive officer, is the chief investment officer; William C. Petty III, vice president, is the client contact.

Manufacturers National Bank of Detroit

Manufacturers Bank Tower Renaissance Center, Detroit, Mich. 48243; (313) 222-4501

Total assets managed	$3,300,000,000
Tax-exempt assets managed:	
Total	$2,100,000,000
Fully discretionary	$670,000,000
Master trust assets	$8,300,000,000
Master custodian assets	$1,100,000,000
Real estate assets managed	$1,500,000
International assets managed	$30,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	450
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	9

Manufacturers National Bank of Detroit focuses its equity strategy on identification of high-quality, fundamentally strong companies with consistent historical growth and exceptional projected growth. From this universe, the manager identifies those that are undervalued in relation to the quality and growth provided.

The bank lengthens and shortens fixed-income portfolios in anticipation of interest rate moves. It also moves money between bond sectors as they appear over- or undervalued on a historical basis.

As of Jan. 1, the asset mix was 45% stocks, 30% bonds, 15% cash, and 10% mortgages. Small amounts were invested in GICs and equity real estate.

Clients include Ford Motor, Fruehauf, Colt and Ex-Cell-O.

Benedict J. Smith, senior vice president, is the chief investment officer; James M. Dawson, investment officer, is the client contact.

Marine Midland Bank

250 Park Ave., New York, N.Y. 10177; (212) 949-6661

Total assets managed	$4,039,000,000
Tax-exempt assets managed:	
Total	$1,122,000,000
Fully discretionary	$1,122,000,000
Master trust assets	$1,437,000,000
Master custodian assets	$228,000,000
International assets managed	$7,700,000
Minimum separate account	$1,000,000
Tax-exempt clients	35
Types of accounts managed	CJ
No. of portfolio managers	6
Size of research staff	10

Marine Midland is price-conscious, fundamental and opportunistic, seeking equities that are oversold, underresearched or in restructuring or turnaround situations.

It balances these stocks to contol overall portfolio risk.

The bank looks for inefficiencies in the bond markets that can be exploited by anticipation of interest rate movements and by being positioned to react quickly to the unexpected.

As of Jan. 1, the asset mix was 30% stocks, 50% bonds, 10% cash and 10% mortgages.

Clients include AT&T, Niagara Mohawk, Ingersoll-Rand and Dunlop Tire & Rubber.

Hiram F. Moody Jr., executive vice president, is the chief investment officer; Edward D. Higgins, administrative vice president, is the client contact.

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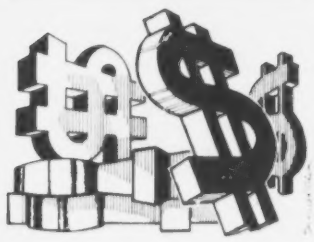

Maritime Asset Management
1749-C NE 26th St., Fort Lauderdale, Fla. 33305; (305) 563-6827

Total assets managed	$82,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$80,000,000
Real estate assets managed	$2,000,000
International assets managed	$3,000,000
Minimum separate account	$250,000
Tax-exempt clients	25
Types of accounts managed	CJ
No. of portfolio managers	3
Size of research staff	8

Maritime Asset Management, a balanced manager, looks for emerging growth stock, following insiders specializing in medical technology stocks.

Its fixed-income approach is based on interest rate anticipation.

Maritime Asset uses options and stock index futures.

As of Jan. 1, the asset mix was 70% stocks, 15% bonds, 13% cash, 1% equity real estate and 1% mortgages.

Clients include ARA Pension Fund, SIU Pension Fund and Masters, Mates & Pilots Pension Fund.

Larry Unterbrink, president, is the chief investment officer and the client contact.

Markston International Inc.
404 Fifth Ave., 6th Floor, New York, N.Y. 10018; (212) 947-5450

Total assets managed	$252,000,000
Tax-exempt assets managed:	
Total	$127,000,000
Fully discretionary	$127,000,000
Minimum separate account	$4,000,000
Types of accounts managed	C
No. of portfolio managers	2

Markston International likes to buy undervalued stock where there is a catalyst that will change the undervaluation to normal valuation

As of Jan. 1, the asset mix was 94% stocks and 6% cash.

Michael J. Mullarkey, executive vice president, is the chief investment officer; Mr. Mullarkey and John Stone are the client contacts.

Massachusetts Financial Services Co.
200 Berkeley St., Boston, Mass. 02116; (617) 423-3500

Total assets managed	$2,663,000,000
Tax-exempt assets managed:	
Total	$2,453,000,000
Fully discretionary	$1,843,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	24
Types of accounts managed	CFGJ
No. of portfolio managers	11
Size of research staff	13

Massachusetts Financial Services seeks to provide superior equity returns by capitalizing on major return differentials between industry groups. The firm rotates sector and industry concentration where relative price momentum and prospective earnings potential look the most dynamic.

Its fixed-income approach concentrates on yield curve and rate analyses to determine the maturity and sector positions of actively managed, high-quality portfolios. The firm offers limited maturity, cash-based, high income, dedicated and municipal accounts.

Massachusetts Financial uses fixed-income futures.

As of Jan 1., the asset mix was 19.6% stocks, 71.8% bonds and 8.6% cash.

Clients include Alcoa, the Los Angeles County Employees Retirement System, AT&T and the Virginia Supplemental Retirement System.

A. Keith Brodkin, senior executive vice president and director of the investment counsel division, is chief investment officer; Dana M. Hastings, vice president, is client contact.

Massachusetts Mutual Life Insurance Co.
1295 State St., Springfield, Mass. 01111; (413) 788-8411

Total assets managed	$12,000,000,000
Tax-exempt assets managed:	
Total	$4,000,000,000
Fully discretionary	$4,000,000,000
Real estate assets managed	$42,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	3,000
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	30

Massachusetts Mutual Life Insurance's equity approach has a strong value orientation. It seeks companies with superior financial characteristics (low debt and high dividend growth) that are selling at discounted valuations. It has a low volatility approach, with investments made for the long term.

Massachusetts Mutual determines the maturity and quality of the fixed-income portfolio by using the shape of the yield curve in conjunction with yield spread analysis and interest rate forecasts. Credit analysis is also used, seeking issues with prospects for upgrading.

As of Jan. 1, the asset mix was 62.3% stocks, 17.8% bonds, 13.2% cash and 6.7% equity real estate.

Clients include Harsco, Penn Central, Cabot and Centel.

Richard G. Dooley, executive vice president, is the chief investment officer; Peter J. Vogian, vice president, is the client contact.

McCowan Associates Inc.
70 Pine St., New York, N.Y. 10270; (212) 480-8700

Total assets managed	$1,039,000,000
Tax-exempt assets managed:	
Total	$928,000,000
Fully discretionary	$928,000,000
International assets managed	$10,000,000
Tax-exempt clients	29
Types of accounts managed	CEFJ
No. of portfolio managers	5
Size of research staff	3

McCowan Associates identifies and invests in businesses with prospects for superior sustainable growth. Through good timing, it achieves investment results in excess of that growth on a long-term basis.

It seeks to achieve consistent positive fixed-income returns and limit risks. The firm's interest rate forecast determines the maturity term structure, and its security selection emphasizes high quality and marketability.

As of Jan. 1, the asset mix was 85% stocks, 7% bonds and 8% cash.

Clients include AT&T, Texaco, Carnegie Foundation and Michigan State University.

Bruce J. McCowan, principal and chairman, is the chief investment officer; Paul F. Pfeiffer, principal, is the client contact.

McCullough, Andrews & Cappiello Inc.
235 Montgomery St., Suite 650, San Francisco, Calif. 94104; (415) 956-8700

Total assets managed	$340,000,000
Tax-exempt assets managed:	
Total	$275,000,000
Fully discretionary	$275,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	48
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	1

McCullough, Andrews & Cappiello Inc.'s equity strategy is based on maintenance of buying power through earnings and dividends growth on relatively lower-price earnings values purchased on a timely basis at the lower end of their relative trading ranges.

Its fixed-income portfolio investments are based on the near-term interest outlook with liquidity and quality given top considerations. Identification of major trends is paramount to its strategy.

As of Jan. 1, McCullough, Andrews & Cappiello's tax-exempt asset mix was 60% stocks, 30% bonds and 10% cash.

Clients include the University of Santa Clara Endowment, the Oakland Police & Fire Retirement System, the Pacific Stock Exchange and the Punahou School Endowment Fund.

Robert F. McCullough is chairman and chief investment officer, and also is the client contact.

C.S. McKee & Co. Inc.
2900 U.S. Steel Building, Pittsburgh, Pa. 15219; (412) 566-5706

Total assets managed	$565,000,000
Tax-exempt assets managed:	
Total	$465,000,000
Fully discretionary	$465,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	46
Types of accounts managed	CEFGJ
No. of portfolio managers	6

C.S. McKee is a risk-averse/opportunistic manager that uses market timing and sector rotation for stocks. Interest rate anticipation and sector analysis determine its fixed-income strategy.

As of Jan. 1, the asset mix was 58% stocks, 35% bonds and 7% cash.

Clients include Ryan Homes, Allegheny County, Buhl Foundation and Plumbers & Steamfitters Local 83.

Charles E. Jacobs is president and chief investment officer; James H. Hanes, executive vice president, is the client contact.

McMillion/Eubanks Capital Management Inc.
P.O. Box 21447, Greensboro, N.C. 27420; (919) 274-4876

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$25,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	20
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	2

McMillion/Eubanks Capital Management uses traditional fundamental analysis plus valuation techniques, an earnings momentum model and technical analysis to isolate relative value in a large universe of stocks.

Its fixed-income approach concentrates on identifying high-quality underpriced instruments that fit the desired duration and yield curves.

McMillion/Eubanks uses options.

As of Jan. 1, the asset mix was 78% stocks, 18% bonds and 4% cash.

Clients include the Laborers National Pension Fund, Oakwood Homes Corp., the Childrens Home Society Foundation and Central Carolina Surgical Eye Associates.

P. Lawrence Wingate, senior portfolio manager and director of operations, is the chief investment officer; Robert C. Eubanks, president, is the client contact.

McMorgan & Co.
24 California St., Suite 500, San Francisco, Calif. 94111; (415) 956-3336

Total assets managed	$2,000,000,000
Tax-exempt assets managed:	
Total	$2,000,000,000
Fully discretionary	$2,000,000,000
Tax-exempt clients	40
No. of portfolio managers	5
Size of research staff	3

McMorgan & Co. handles equity, fixed-income, balanced and real estate accounts.

Thomas A. Morton is the chief investment officer; William O. Samner is the client contact.

John McStay Investment Counsel
5949 Sherry Lane, Dallas, Texas 75225; (214) 750-4941

Total assets managed	$25,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$25,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	2
Types of accounts managed	CF
No. of portfolio managers	4

John McStay Investment Counsel's equity investment philosophy is oriented to a rotational theme, strongly emphasizing selected groups. It is further oriented to stocks with relative earnings momentum and price change.

The attraction of fixed securities depends on the real rate of return on

United Capital Management

Discriminating Contrarian Investors

Denise Bryant, Vice President

1700 Broadway, Suite 1300
Denver, Colorado 80274-0077
(303) 831-9474

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Name_____
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Company_____
Address_____
City_____ State_____ Zip_____
Phone (_____)_____

Profiles

government bonds and the risk premium available in common stocks, both absolutely and relative to historical norms.

As of Jan. 1, its tax-exempt asset mix was 50% stocks, 20% bonds and 30% cash.

John McStay is the chief investment officer; Nancy Smith is the client contact.

Mead Money Management

Courthouse Plaza Northeast, Dayton, Ohio 45463; (513) 222-6323

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
International assets managed	$10,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	3
Types of accounts managed	CF
No. of portfolio managers	3

Mead Money Management is an international fixed-income manager with a top-down approach. It examines strategy, economic conditions and momentum in structuring average maturity. Active yield and sector swaps are completed, increasing overall portfolio returns.

As of Jan. 1, its tax-exempt asset mix was 70% bonds and 30% cash.

Richard P. Davis is chief investment officer and client contact.

R. Meeder & Associates Inc.

3366 Riverside Drive, Columbus, Ohio 43221; (614) 457-8100

Total assets managed	$208,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$150,000,000
Tax-exempt clients	217
Types of accounts managed	CEFJ
No. of portfolio managers	5
Size of research staff	2

R. Meeder & Associates focuses on market timing in its equity approach. The firm considers the asset mix to be the most important decision and bases it on the evaluation of risk in the overall stock market.

The equity manager also follows market timing in its fixed-income management.

As of Jan. 1, the tax-exempt assets were invested completely in cash.

Clients include Columbus & Southern Ohio Electric, Grant Hospital, Big Bear Stores and Rax Restaurants.

Philip A. Voelker, vice president-portfolio management, is the chief investment officer; Dennis F. Dicke, vice president-marketing, is client contact.

Mellon Bank

1 Mellon Bank Center, Pittsburgh, Pa. 15258; (412) 234-3384

Total assets managed	$14,559,000,000
Tax-exempt assets managed:	
Total	$9,184,000,000
Fully discretionary	$9,184,000,000
Master trust assets	$28,000,000,000
Master custodian assets	$529,000,000
International assets managed	$307,800,000
Tax-exempt clients	992
Types of accounts managed	CEFGJ
No. of portfolio managers	19
Size of research staff	14

Mellon's equity philosophy combines aggressive yet systematic stock selections with minimal market and industry risk. It maintains portfolio industry weightings equal to those of the S&P industry holdings.

The bank offers a wide range of fixed-income products and services, from core portfolio management employing active or passive strategies to highly specialized portfolios using immunization techniques. The active bond management program focuses on interest rate trends.

Mellon Bank's investment strategies include using options, stock index futures and fixed-income futures.

As of Jan. 1, the tax-exempt asset mix was 35% stocks, 55% bonds and 10% cash.

Charles M. Kelso Jr. is senior vice president and chief investment officer; Thomas H. Kalen, vice president, is the client contact.

Mellon Financial Services Real Estate Investment Management Group

551 Madison, New York, N.Y. 10022; (212) 702-4040

Total assets managed	$550,000,000
Tax-exempt assets managed:	
Total	$550,000,000
Fully discretionary	$550,000,000
Real estate assets managed	$550,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	7
Types of accounts managed	CFG
No. of portfolio managers	9
Size of research staff	1

Mellon Financial Services Real Estate Investment Management Group, a wholly owned subsidiary of Mellon National Corp., offers a direct real estate investment program and also serves as adviser to two closed-end collective funds sponsored by Mellon Bank.

The group designs each client's portfolio to meet specific investment objectives, investing in both equity and debt. As of Jan. 1, the asset mix was 60% equity real estate and 40% mortgages.

Clients include Westinghouse Electric, Borg-Warner, Northern Illinois Gas and the Policemen & Firemen Retirement System of Detroit.

James T. Foran, executive vice president, is the chief investment officer; Karin E. Shewer, vice president, is the client contact.

Mellon-Pictet International Management Ltd.

Cutlers Gardens, 5 Devonshire Square, London, England, EC2M 4LD, (01) 283-7471

Total assets managed	$308,000,000
Tax-exempt assets managed:	
Total	$77,000,000
Fully discretionary	$77,000,000
International assets managed	$77,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	7
Types of accounts managed	CF
No. of portfolio managers	4
Size of research staff	1

For stocks, Mellon-Pictet International moves assets among markets and currencies. It concentrates holdings in sectors, industries and individual issues having superior expected return and acceptable risk, based on fundamental research.

In fixed-income, it moves along the yield curve in every market looking for the highest risk-adjusted rate of return.

As of Jan. 1 the tax-exempt asset mix was 100% stocks.

Clients include General Motors, Lockheed, Glenmede Trust and the R.K. Mellon Foundation.

Dan H. Blanks, president, is the chief investment officer; Rod Hearn, vice president, is the client contact.

Mercantile Realty Services

P.O. Box 225415, Dallas, Texas 75265; (214) 698-4528

Total assets managed	$73,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$12,000,000
Real estate assets managed	$12,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	6
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	2

Mercantile Realty Services invests client funds in leased-up properties with excellent appreciation potential.

As of Jan. 1, the asset mix was 100% equity real estate.

Clients include Southwestern Public Services, Lomas & Nettleton Financial, La Quinta Motor Inns and C&H Transport.

Allen J. Anderson is president and chief executive officer; C. Ronald Capps, senior vice president, is the client contact.

Canadian money managers will be profiled in the July 9 issue of Pensions & Investment Age.

Mercantile-Safe Deposit & Trust Co. - Baltimore

2 Hopkins Plaza, Baltimore, Md. 21202; (301) 237-5629

Total assets managed	$3,186,000,000
Tax-exempt assets managed:	
Total	$1,318,000,000
Fully discretionary	$1,318,000,000
Master trust assets	$1,422,000,000
Master custodian assets	$1,244,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	272
Types of accounts managed	CEFG
No. of portfolio managers	10
Size of research staff	5

Mercantile-Safe Deposit & Trust is a low P/E, high-dividend value-oriented equity investor with a philosophy of thorough fundamental analysis and emphasis on relative value.

The fixed-income strategy recognizes the cyclical nature of interest rates while emphasizing risk control.

Mercantile-Safe Deposit & Trust uses options.

As of Jan. 1, the tax-exempt asset mix was 40% stocks, 30% bonds and 30% cash.

Clients include the city of Baltimore Employees Retirement System, Johns Hopkins Hospital Endowment Fund, National Football League Coaches Pension Fund and Guest Services Pension Fund.

Brian Topping, executive vice president, is the chief investment officer; Lee Ann Abato, marketing representative, is the client contact.

Mercantile Securities Corp.

P.O. Box 225415, Dallas, Texas 75265; (214) 698-6864

Total assets managed	$981,000,000
Tax-exempt assets managed:	
Total	$615,000,000
Fully discretionary	$615,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	21
Types of accounts managed	CEF
No. of portfolio managers	5

Mercantile Securities is a growth stock manager.

The firm considers itself a theme player and industry-sector shifter, managing equity investments in a rotational style.

Its fixed-income strategy emphasizes preparation of principles while considering opportunities created by interest-rate fluctuations.

As of Jan. 1, the tax-exempt asset mix was 52.2% stocks, 20.1% bonds and 27.7% cash.

Clients include The LTV Corp., Dr Pepper, Southwestern Public Service Co. and the Trinity University Endowment.

Hilton Hemphill, president, is the chief investment officer; Lyle E. Brumley, vice president, is the client contact.

Mercantile Trust Co.

P.O. Box 387, St. Louis, Mo. 63166; (314) 425-2603

Total assets managed	$4,100,000,000
Tax-exempt assets managed:	
Total	$2,200,000,000
Fully discretionary	$278,000,000
Master trust assets	$440,000,000
Master custodian assets	$297,000,000
Minimum separate account	$500,000
Tax-exempt clients	387
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	8

Mercantile Trust uses a value-orientation approach to equities that stresses fundamental, research-oriented analysis in its search for the best relative stock value in each industry.

The fixed-income approach centers around the trust company's own economic research credit analysis and its outlook on interest rates, emphasizing major cycles rather than trying to capitalize on short-term fluctuations.

Mercantile Trust uses options and stock index futures.

As of Jan. 1, the asset mix was 50% stocks, 40% bonds, 7% cash and 3% equity real estate.

Clients include Moog Automotive, Ozark Air Lines, Pott Industries and Kellwood Corp.

John H. Blixen II is senior vice president and chief investment officer; Edmund J. Thimme Jr., senior vice president-institutional services, is the client contact.

Merchants Investment Counseling Inc.

1 Merchants Plaza, 838E, Indianapolis, Ind. 46204; (317) 267-7704

Total assets managed	$325,000,000
Tax-exempt assets managed:	
Total	$272,000,000
Fully discretionary	$272,000,000
International assets managed	$3,800,000
Minimum separate account	$1,000,000
Tax-exempt clients	74
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	3

Merchants Investment Counseling changes its asset mix to be consistent with the primary market trend. Equity selection emphasizes earnings momentum and increasing earnings expectations.

For fixed income, the manager favors bond investments that provide high current income while avoiding price volatility associated with long-term bonds.

As of Jan. 1, the tax-exempt asset mix was 35% stocks, 38% bonds, 25% cash and 2% real estate partnerships.

Clients include Northern Indiana Public Service, Butler University, Blue Cross & Blue Shield of Indiana and Stokely-Van Camp.

Daniel L. Fleck, president, is the chief investment officer; Susan S. Thomas, vice president, is the client contact.

Merchants National Bank and Trust Co.

1 Merchants Plaza, 600E, Indianapolis, Ind. 46255; (317) 267-3731

Total assets managed	$2,600,000,000
Tax-exempt assets managed:	
Total	$700,000,000
Fully discretionary	$460,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	350
Types of accounts managed	CEFJ
No. of portfolio managers	7
Size of research staff	3

Equity selection at Merchants National Bank and Trust Co. is based on relative strength and growth in earnings.

The balanced manager uses bonds to provide stability to fixed-income portfolio and preservation of capital.

The bank has less than $5 million invested in equity real estate, and less than $5 million invested in mortgages.

As of Jan. 1, the asset mix was 30% stocks, 35% bonds, 24% cash and 11% other.

Clients include Riley Memorial Hospital Association, Indianapolis Foundation, Paul Harris Stores and Indianapolis Power & Light.

Joseph P. Williamson, vice president and senior investment office, is the chief investment officer; Susan S. Thomas, vice president, is the client contact.

Meridian Management Co.

1000 Plaza West Building, Little Rock, Ark. 72205; (501) 663-7055

Total assets managed	$340,000,000
Tax-exempt assets managed:	
Total	$149,000,000
Fully discretionary	$149,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	9
Types of accounts managed	CE
No. of portfolio managers	2
Size of research staff	2

Meridian Management Co., an equity manager, buys out-of-favor, neglected stocks selling at substantial discounts below the firm's estimates of fair or intrinsic value.

The company's tax-exempt asset mix as of Jan. 1 was 95% stocks and 5% cash.

Clients include Boeing, Coats & Clark, Foxboro and the World Bank.

Lee Bodenhamer, president, is chief investment officer; Jock McQuilkin, vice president, is client contact.

E.A. Merkle & Associates

12½ Bedford St., New York, N.Y. 10014; (212) 675-9269

Total assets managed	$7,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Minimum separate account	$1,000,000
No. of portfolio managers	1

E.A. Merkle, an equity manager, times market cycles by investing contrary to the consensus outlook.

As of Jan. 1, the asset mix was 100% cash.

Ned Merkle, president, is the chief investment officer and the client contact.

Merrill Lynch Asset Management Inc.

633 Third Ave., New York, N.Y. 10017; (212) 692-2987

Total assets managed	$2,200,000,000
Tax-exempt assets managed:	
Total	$1,700,000,000
Fully discretionary	$1,620,000,000
International assets managed	$250,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	151
Types of accounts managed	CEFGJ
No. of portfolio managers	28

Equity investments at Merrill Lynch Asset Management are based on value-oriented screens (low P/E, high investment rate, low market to book value) and fundamental analysis.

The fixed-income approach of the balanced manager focuses on interest rate anticipation.

As of Jan. 1, the asset mix was 50% stocks, 40% bonds and 10% cash.

Senior Vice President Richard Jacobson and Harry Powell are the chief investment officers; Bernard Durnin, senior vice president, is the client contact.

Metropolitan Life Insurance

1 Madison Ave., New York, N.Y. 10010; (212) 578-2937

Total assets managed	$55,654,000,000
Tax-exempt assets managed:	
Total	$25,897,000,000
Fully discretionary	$25,897,000,000
Real estate assets managed	$346,300,000
Minimum separate account	$5,000,000
Tax-exempt clients	314
Types of accounts managed	CG
No. of portfolio managers	22
Size of research staff	81

Metropolitan invests primarily in stocks of quality companies that have above-average long-term earnings and dividend growth expectations.

As of Jan. 1, the asset mix was 40.5% stocks, 1.6% bonds, 29.2% cash, 20.6% equity real estate and 8.1% mortgages.

Clients include AT&T, Conoco, Eastman Kodak and General Motors.

Robert G. Schwartz, chairman of the board, is the chief investment officer; Peter E. Braun, vice president, is the client contact.

MH & Associates-Securities Management Corp.

21031 Ventura Blvd., Suite 915, Woodland Hills, Calif. 91364; (818) 704-4633

Total assets managed	$27,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Minimum separate account	$500,000
Tax-exempt clients	9
Types of accounts managed	CFJ
No. of portfolio managers	2
Size of research staff	1

MH & Associates-Securities Management uses a top-down asset allocation and top-down/bottom-up stock selection. It favors issues that have a low P/E on normalized earnings, large internal ownership and that generally are underowned and underresearched by institutions.

It employs interest rate anticipation in its fixed-income strategy.

As of Jan. 1, the asset mix was 50% stocks, 5% bonds, 21% cash and 24% convertibles.

J. Robert Meichelbock, president, is chief investment officer; John Heilman, vice president, is client contact.

Michigan National Investment Corp.

21 E. Long Lake Road, Suite 110, Bloomfield Hills, Mich. 48013; (313) 642-8000

Total assets managed	$823,000,000
Tax-exempt assets managed:	
Total	$340,000,000
Fully discretionary	$340,000,000
Minimum separate account	$200,000
Tax-exempt clients	105
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	3

Michigan National Investment's equity objective is capital appreciation and dividend growth. It emphasizes companies that are growing faster than the general economy, earning above-average rates of return on original and reinvested capital, and that are directed by astute management.

Its fixed-income approach stresses preservation of principal and achievement of above-average rates of return during normal interest rate cycles.

As of Jan. 1, the tax-exempt asset mix was 45% stocks, 45% bonds and 10% cash.

Dirk A. Willms is president and chief investment officer and also the client contact.

Midlantic National Bank

Metro Park Plaza, Edison, N.J. 08818; (201) 321-8382

Total assets managed	$1,900,000,000
Tax-exempt assets managed:	
Total	$1,000,000,000
Fully discretionary	$1,000,000,000
Master trust assets	$50,000,000
Tax-exempt clients	255
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	4

Midlantic is value-oriented and as a result, tends to be contrarian. Strong financials are essential in its equity selection.

For fixed-income, the balanced manager emphasizes locating undervalued sectors — identified by historical yield spreads, and adjusting the maturity distribution through a comparison of current and expected interest rate levels.

As of Jan. 1, the tax-exempt asset mix was 30% stocks, 45% bonds and 25% cash.

Clients include AT&T, Hoffman-LaRoche, PSE&G and Foster Wheeler.

Charles H. Jones Jr., senior vice president, is the chief investment officer; Jeffrey P. Moody, assistant vice president, is the client contact.

M&I Investment Management

770 N. Water St., Milwaukee, Wis. 53201; (414) 765-7700

Total assets managed	$1,650,000,000
Tax-exempt assets managed:	
Total	$800,000,000
Fully discretionary	$786,000,000
Master trust assets	$1,300,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	725
Types of accounts managed	CEFGJ
No. of portfolio managers	14
Size of research staff	3

M&I Investment Management's equity strategy emphasizes a valuation approach, incorporating group dynamics and individual stock selection focusing on underresearched companies.

M&I actively manages intermediate bonds, concentrating on preservation of capital within the context of total return in its fixed-income management.

As of Jan. 1, the tax-exempt asset mix was 40% stocks, 50% bonds and 10% cash.

William J. Gumerman, president, is the chief investment officer; Judith C. Murphy, vice president, is the client contact.

Miller, Anderson & Sherrerd

2 Bala Plaza, Bala Cynwyd, Pa. 19004; (215) 839-1620

Total assets managed	$3,502,000,000
Tax-exempt assets managed:	
Total	$3,502,000,000
Fully discretionary	$3,502,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	48
Types of accounts managed	CEFG
No. of portfolio managers	7

Miller, Anderson & Sherrerd uses sector rotation in its equity approach and focuses on a disciplined valuation process in its equity decision-making.

The firm takes an opportunistic approach to fixed-income management that combines intermediate maturity orientation, strategic market timing and emphasis on undervalued securities, especially in the mortgage-related securities market.

The balanced manager requires a $20 million minimum for separate fixed-income accounts and $50 million for separate equity/balanced accounts.

As of Jan. 1, the asset mix was 54% stocks, 31% bonds and 15% cash.

Clients include Mobil Oil, J.C. Penney, SmithKline-Beckman and Johns Hopkins University.

Partners Paul F. Miller, John J.F. Sherrerd, A. Morris Williams, Thomas E. Beach, Richard B. Worley and David R. Atkinson are the chief investment officers. Frederic S. Owen, director of marketing, is the client contact.

MIMLIC Asset Management

400 N. Robert St., St. Paul, Minn. 55101; (612) 298-3833

Total assets managed	$2,410,000,000
Tax-exempt assets managed:	
Total	$430,000,000
Fully discretionary	$430,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	200
Types of accounts managed	CGJ
No. of portfolio managers	4
Size of research staff	5

MIMLIC Asset Management's eq-

Discount Corporation of New York Advisers

Institutional Fixed Income
Asset Management

A Wholly Owned
Subsidiary of
Discount Corporation
of New York

58 Pine Street
New York, N.Y. 10005
212-248-8989
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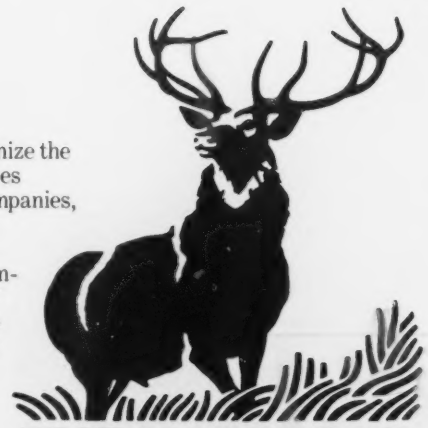

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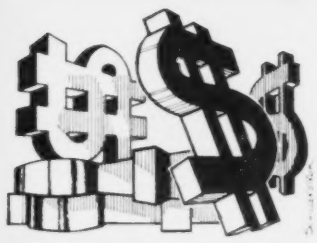

uity approach is to identify out-of-favor stocks that can appreciate in value because of a change in investor perceptions. It avoids issues in favor.

For fixed-income, the firm emphasizes credit research, using both public and private securities. It uses trading to capitalize on market opportunities.

As of Jan. 1, the tax-exempt asset mix was 71% stocks, 11% bonds and 18% cash.

Clients include 3M, University of Minnesota Faculty, Ingalls Hospital and Conwed.

Alan J. Notvik, vice president, and Joseph R. Bird, president and chief operating officer, are the chief investment officers; Roger E. Larson, vice president, is the client contact.

Minton/Newbold's Capital Management

1500 Walnut St., Philadelphia, Pa. 19102; (215) 893-8480

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$150,000,000
Minimum separate account	$8,000,000
Tax-exempt clients	11
Types of accounts managed	CEG
No. of portfolio managers	2

Minton/Newbold's Capital Management is a fixed-income manager using dedication and interest rate anticipation. Its active management is designed to consistently compound positive returns. It offers a passive strategy for those sponsors in need of specific cash flow requirements.

The firm uses options.

As of Jan. 1, the asset mix was 100% bonds.

Clients include Arvin Industries, BASF Wyandotte and Scott Paper.

Lee W. Minton Jr., president, is chief investment officer; Charles H. Hopkins, vice president, is client contact.

Mitchell Hutchins

140 Broadway, New York, N.Y. 10005; (212) 437-5330

Total assets managed	$6,468,000,000
Tax-exempt assets managed:	
Total	$350,000,000
Fully discretionary	$330,000,000
International assets managed	$610,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	103
Types of accounts managed	CEFGJ
No. of portfolio managers	18
Size of research staff	3

Mitchell Hutchins bases its equity philosophy on the belief that superior long-term capital growth results from investing in companies that will achieve significant and sustainable increases in earnings power. The balanced international manager uses fixed income principally to dampen return volatility in balanced portfolios and to help ensure preservation of capital. It emphasizes quality (Treasuries and AAA corporates) and short- to intermediate-term maturities.

As of Jan. 1, the tax-exempt asset mix was 73% stocks, 15% bonds and 12% cash.

J. Peter Gaskins, vice president, is the client contact.

Montag & Caldwell Inc.

2 Piedmont Center, Suite 500, Atlanta, Ga. 30305; (404) 262-3480

Total assets managed	$583,000,000
Tax-exempt assets managed:	
Total	$409,000,000
Fully discretionary	$399,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	79
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	4

Montag & Caldwell employs a bottom-up valuation equity approach that interrelates earnings momentum and a fixed-income approach based on interest rate anticipation. It also uses options.

As of Jan. 1, the asset mix was 69% stocks, 23% bonds and 8% cash.

Clients include Cone Mills, Florida Progress, Land O' Lakes and Wake Forest University.

Solon P. Patterson, chairman of the board, is chief investment officer; Robert J. King, vice president and director of client services, is client contact.

MONY

1740 Broadway, New York, N.Y. 10019; (212) 708-2000

Total assets managed	$9,200,000,000
Tax-exempt assets managed:	
Total	$3,100,000,000
Fully discretionary	$3,100,000,000
Real estate assets managed	$22,000,000
Minimum separate account	$250,000
Tax-exempt clients	2,500
Types of accounts managed	CEGJ
No. of portfolio managers	5
Size of research staff	9

MONY's equity philosophy primarily is fundamentalist, using macroeconomic analysis to determine sectors and industries in which to participate. It uses fundamental sector analysis to decide which stocks to buy.

The company approaches fixed-income markets on a macroeconomic basis in anticipating interest rates. The maturity and type of bonds chosen are adjusted to match this forecast.

As of Jan. 1, the asset mix was 63% stocks, 16% bonds, 16% cash and 5% equity real estate.

Clients include Walgreen, Texas City Refining, Anheuser-Busch and Weston Paper.

Floyd L. Smith, executive vice president, is the chief investment officer; Phillip N. Maisano, divisional vice president-pension investment marketing, is the client contact.

Morgan Grenfell Investment Services Ltd.

520 Madison Ave., Suite 3900, New York, N.Y. 10022; (212) 715-1700

Total assets managed	$786,000,000
Tax-exempt assets managed:	
Total	$786,000,000
Fully discretionary	$786,000,000
International assets managed	$930,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	34
Types of accounts managed	CF
No. of portfolio managers	6
Size of research staff	5

Morgan Grenfell is an active equity manager, focusing equally on market selection and stock selection within markets. No investment is made without considering currency.

The manager makes comparative economic analyses between countries for its fixed-income portfolios. Investments are made considering interest rate expectations and, where appropriate, currency movements.

As of Jan. 1, the asset mix was 96% stocks, 1% bonds and 3% cash.

Clients include United Air Lines, General Motors, Allied and Exxon.

Michael Bullock, director, is the chief investment officer; Elliott M. Gartner, director, is the client contact.

Morgan Guaranty Trust Co.

9 W. 57th St., New York, N.Y. 10019; (212) 826-7816

Total assets managed	$37,543,000,000
Tax-exempt assets managed:	
Total	$25,466,000,000
Fully discretionary	$25,173,000,000
Real estate assets managed	$1,506,000,000
International assets managed	$5,200,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	862
Types of accounts managed	CEFGJ
No. of portfolio managers	66
Size of research staff	42

Morgan Guaranty Trust participates in the broadly diversified equity market; its approach is based on systematic valuation using in-depth fundamental research. The firm employs active fixed-income management throughout the extended market, using broadly diversified portfolios characterized by high-credit quality and a controlled maturity structure.

The firm uses fixed-income futures and is considering options and stock index futures.

As of Jan. 1, the asset mix was 60% stocks, 20% bonds, 5% cash, 3% equity real estate, 5% mortgages and 7% convertibles.

Clients include the Church Pension Fund, Dow Chemical and CIBA-Geigy.

C. Nicholas Potter, senior vice president, is the chief investment officer; Martin J. Dowd, vice president, is the client contact.

Morgan Stanley Asset Management Inc.

1633 Broadway, New York, N.Y. 10019; (212) 974-2658

Total assets managed	$2,317,000,000
Tax-exempt assets managed:	
Total	$1,335,000,000
Fully discretionary	$1,074,000,000
International assets managed	$115,900,000
Minimum separate account	$1,000,000
Tax-exempt clients	108
Types of accounts managed	CEFGJ
No. of portfolio managers	18
Size of research staff	2

Morgan Stanley Asset Management's equity strategy is to invest in companies that will benefit from changes in secular and cyclical trends or the reversal of major valuation discrepancies.

Morgan Stanley focuses bond management on achieving a target rate of return. The balanced manager's investments are concentrated in short- and intermediate-term securities, supplemented with longer-term holdings when they will enhance return without significantly increasing risk.

As of Jan. 1, the asset mix was about 40% stocks, 55% bonds and 5% cash.

Clients include Readers Digest, Amherst College, American Foundation for the Blind and Outboard Marine.

Barton M. Biggs, chairman and chief investment strategist, is chief investment officer; Gail Hunt Reeke and W. Denman Zirkle, marketing directors, are client contacts.

Morison Asset Management

1201 Marquette, Suite 400, Minneapolis, Minn. 55403; (612) 332-1588

Total assets managed	$110,000,000
Tax-exempt assets managed:	
Total	$84,000,000
Fully discretionary	$84,000,000
Minimum separate account	$200,000
Tax-exempt clients	64
Types of accounts managed	CEFG
No. of portfolio managers	5
Size of research staff	5

Morison Asset Management is a balanced account manager that uses a growth stock approach to equities and interest rate anticipation for fixed-income accounts. The firm uses options and fixed-income futures.

As of Jan. 1, the asset mix was 35% stocks, 30% bonds and 35% cash.

Clients include the Billy Graham Association, Conklin Co., and Slumberland Inc.

Thomas Morison is chief investment officer; Ronald Halverson, assistant vice president, is client contact.

Morley Capital Management

9735 S.W. Shady Lane, Suite 100, Portland, Ore. 97223; (503) 684-3080

Total assets managed	$30,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	2
Types of accounts managed	FJ
No. of portfolio managers	4
Size of research staff	3

Morley Capital Management became active in February 1984. The fixed-income manager offers active management of guaranteed investment contract portfolios.

The firm considers GICs a superior fixed-income asset offering high yields, security and predictable cash flows. Morley Capital emphasizes the use of GICs as a foundation asset.

The asset mix was 100% GICs early in 1984.

Clients include Bush Foundation and the Joint Industry Board of Electrical Industry.

Harold H. Morley, president, is the chief investment officer; Larry H. Mylnechuk, vice president, is the client contact.

Moseley Capital Management

60 State St., Boston, Mass. 02101; (617) 367-5900

Total assets managed	$194,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$14,000,000
Minimum separate account	$500,000
Tax-exempt clients	30
Types of accounts managed	CEF
No. of portfolio managers	5

Moseley Capital Management uses a top-down, non-diversified sector rotation equity approach. It looks for intrinsic and relative value within sectors, employing technical analysis in stock selection and timing decisions.

The equity manager bases fixed-income management on interest rate anticipation.

As of Jan. 1, the asset mix was 75% stocks, 15% bonds and 10% cash.

Gerard A. Papin is the chief investment officer; Margaret Soens is the client contact.

MPACT Securities

P.O. Box 2266, Austin, Texas 78780; (512) 479-5723

Total assets managed	$201,000,000
Tax-exempt assets managed:	
Total	$60,000,000
Fully discretionary	$55,000,000
Minimum separate account	$250,000
Tax-exempt clients	145
Types of accounts managed	CEFGJ
No. of portfolio managers	2
Size of research staff	7

MPACT takes a top-down equity approach, effecting dramatic shifts in asset mix and sector emphasis in order to reflect its assessment of the economy.

For fixed-income, the balanced manager rotates from cash to zero coupons to staggered maturities as economic conditions dictate. The firm uses options.

As of Jan. 1, the asset mix was 55% stocks, 40% bonds and 5% cash.

Clients include Lower Colorado River Authority, St. Edwards University Endowment, Tellabs and Tracor.

Randy Bateman, president, and Ed Cowart, director of investment research, are chief investment officers.

MPT Associates

600 5th Ave., New York, N.Y. 10020; (212) 247-5858

Total assets managed	$1,142,000,000
Tax-exempt assets managed:	
Total	$1,142,000,000
Fully discretionary	$1,142,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	14
Types of accounts managed	CFGJ
No. of portfolio managers	4
Size of research staff	2

MPT Associates is broadly diversified in equities, seeking consistent above-market returns through a disciplined, risk-controlled approach.

The firm has a fully managed, short-duration (three to 15 months) active fixed-income strategy to produce superior full-cycle returns and avoid negative-return years for balanced accounts.

As of Jan. 1, the asset mix was 99% stocks and 1% cash.

The firm uses stock index futures.

Clients include the New York State Teachers, state of Virginia, Cooper Industries and Pacific Gas & Electric.

David A. Baker, president, is the chief investment officer; William F. Brock, vice president, is the client contact.

Muhlenkamp & Co. Inc.

Buttermilk Lane, Bradford Woods, Pa. 15015; (412) 935-5643

Total assets managed	$16,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Fully discretionary	$7,000,000
Minimum separate account	$200,000
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	1

Muhlenkamp & Co., an equity and balanced manager, uses Graham & Dodd techniques and buys corporate stocks according to values determined by its own value criteria.

The firm's fixed-income approach is that of interest rate anticipation. Options are employed.

As of Jan. 1, the asset mix was 60% stocks, 25% bonds and 15% cash.

Ronald H. Muhlenkamp, president, is the chief investment officer; H. Anthony Hodges, vice president, is the client contact.

Muller Asset Management

111 Broadway, New York, N.Y. 10006; (212) 766-1700

Total assets managed	$25,000,000
Tax-exempt assets managed:	
Total	$6,000,000
Fully discretionary	$3,000,000
Minimum separate account	$250,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	4

Muller Asset Management, a balanced manager, concentrates on low risk total return with emphasis on asset mix/risk evaluation in its market timing approach to equities. The firm focuses on using fixed-income instruments to meet client needs while reducing risk by maturity weighting. Options are used.

As of Jan. 1, the asset mix was 40% stocks, 45% bonds and 15% cash.

Clients include New Jersey Zinc Co., Star-Glow Industries and Frequency Electronics.

Richard Train, managing director, is the chief investment officer. He and Fredrick Teschemacher are the client contacts.

Multinational Investments

3645 Warrenville Center Road, Shaker Heights, Ohio 44122; (216) 752-8900

Total assets managed	$65,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
International assets managed	$1,000,000
Minimum separate account	$500,000
Tax-exempt clients	28
Types of accounts managed	C
No. of portfolio managers	3

Multinational Investments is a balanced manager that buys low relative P/E stocks with earnings-per-share growth potential, and sells when the P/E average or EPS plateaus.

In its fixed-income approach, Multinational buys intermediate-term, high-quality bonds and holds them until it believes interest rates will rise significantly. Options are used.

As of Jan. 1, the asset mix was 60% stocks, 30% bonds and 10% cash.

Clients include Brazeway, Ohio Screw and Ohio Displays.

Geofrey J. Greenleaf, president, is chief investment officer and client contact.

Mutual Benefit Life

520 Broad St., Newark, N.J. 07101; (201) 481-8647

Total assets managed	$7,898,000,000
Tax-exempt assets managed:	
Total	$3,700,000,000
Fully discretionary	$3,700,000,000
Real estate assets managed	$15,879,000
Minimum separate account	$5,000,000
Types of accounts managed	CGJ
No. of portfolio managers	10

Mutual Benefit Life employs an eclectic equity approach, seeking opportunities for leveraged or accelerated appreciation in less generally accepted exploited situations involving unusually good value, turnarounds and arbitrage opportunities.

The insurer seeks maximum fixed-income returns from sectors offering the highest current yields and subject to its credit quality standards and portfolio-matching strategies.

As of Jan. 1, the asset mix was about 4% stocks, 38% bonds, 1% cash, 2% equity real estate, 54% mortgages and 1% other.

Clients include AT&T, General Dynamics, Grumman and the state of Alaska.

Ted D. Simmons, executive vice president, is the chief investment officer; Robert Shapiro, senior vice president-pensions, is the client contact.

Mutual of America Life Insurance Co.

666 Fifth Ave., New York, N.Y. 10103; (212) 399-1600

Total assets managed	$2,000,000,000
Tax-exempt assets managed:	
Total	$2,000,000,000
Fully discretionary	$2,000,000,000
Tax-exempt clients	11,000
No. of portfolio managers	2
Size of research staff	4

Mutual of America Life, formerly the National Health & Welfare Mutual Life Insurance Association, is mainly a fixed-income investor, using an active interest-rate anticipation and sector analysis approach.

Its equity approach emphasizes investing in companies with above-average earnings prospects where the stock is selling at reasonable valuation levels.

As of Jan. 1, the approximate asset mix was 19.3% stocks and 80.7% bonds.

Clients include the United Way of America, the Girl Scouts and the American Cancer Society.

Joan M. Casson, senior vice president, is the chief investment officer; Howard Lichtenstein, senior vice president-sales, is the client contact.

Mutual Service Life Insurance Co.

P.O. Box 64035, St. Paul, Minn. 55164; (612) 631-7000

Total assets managed	$425,000,000
Tax-exempt assets managed:	
Total	$162,000,000
Fully discretionary	$150,000,000
Tax-exempt clients	7
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	3

Mutual Service Life Insurance has a risk-averse equity strategy that stresses low volatility and consistency of return. The fixed income manager follows passive fixed-income policies.

As of Jan. 1, the asset mix was 81% stocks, 6% bonds and 13% cash.

Clients include National Cooperative Refinery, Land O' Lakes and Universal Cooperatives.

Loren A. Haugland, vice president-investments, is chief investment officer; David M. Laclarc, director of group and pension sales, is client contact.

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National Bank of Commerce

13th & O Streets, Lincoln, Neb. 68508; (308) 472-4436

Total assets managed	$410,000,000
Tax-exempt assets managed:	
Total	$90,000,000
Fully discretionary	$70,000,000
Minimum separate account	$250,000
Tax-exempt clients	250
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	0

National Bank of Commerce, a balanced manager, has an equity investment approach that uses a combination of technical and fundamental analysis with an emphasis on value. The firm uses sector rotation and market timing.

Its fixed-income approach is based on rate anticipation and appropriate maturity and quality adjustments in line with that outlook.

As of Jan. 1, the asset mix was 55% stocks, 35% bonds and 10% cash.

Clients include Lincoln Public Schools, Journal Star Printing, Metromail and Nebco.

James T. Hitt, vice president and trust investment officer, is the chief investment officer; R. David Wilcox, vice president, is the client contact.

National Bank of Detroit

611 Woodward, Detroit, Mich. 48226; (313) 225-2633

Total assets managed	$6,364,000,000
Tax-exempt assets managed:	
Total	$4,273,000,000
Fully discretionary	$4,273,000,000
Master trust assets	$4,851,000,000
Master custodian assets	$5,995,000,000
Real estate assets managed	$5,500,000
Tax-exempt clients	679
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	23

In equity management, National Bank of Detroit regards itself as a rotating manager with an earnings growth emphasis, reflecting the importance placed on valuation.

The cornerstone of the fixed-income philosophy is the belief that active bond management can provide a positive real return over the interest-rate cycle. As of Jan. 1, the asset mix was 33.3% stocks, 32.2% bonds, 32.4% cash, 0.1% equity real estate and 2% miscellaneous.

Clients include AT&T, Chrysler, Federal-Mogul and U.S. Sugar.

James M. Lane, senior vice president, is the chief investment officer; Richard L. Foersterling, vice president, is the client contact.

International investment advisers will be profiled in the June 25 issue.

National City Bank

1900 E. 9th St., Cleveland, Ohio, 44114; (216) 575-2000

Total assets managed	$5,112,000,000
Tax-exempt assets managed:	
Total	$2,584,000,000
Fully discretionary	$2,200,000,000
Master trust assets	$640,000,000
Master custodian assets	$25,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	98
Types of accounts managed	CEFJ
No. of portfolio managers	7
Size of research staff	9

National City Bank emphasizes value, flexibility and moderate turnover in its equity approach. Investments are made in high-quality medium and large companies that offer above-average growth and are undervalued by the market.

Its fixed-income approach is to identify undervalued sectors of the market based upon the firm's interest rates outlook. It invests in high quality marketable securities whose maturities are in line with that outlook.

As of Jan. 1, the asset mix was 60% stocks, 35% bonds and 5% cash.

Clients include Anchor-Hocking, Harris, Rubbermaid and Goodyear.

J. Warren Hall, senior vice president, is the chief investment officer; Thomas E. McHale, vice president-marketing, is the client contact.

National Investment Services of America Inc.

815 E. Mason St., Milwaukee, Wis. 53202; (414) 271-6540

Total assets managed	$675,000,000
Tax-exempt assets managed:	
Total	$547,000,000
Fully discretionary	$547,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	28
Types of accounts managed	CEFJ
No. of portfolio managers	7

In its equity approach, National Investment Services of America selects companies whose growth characteristics are undergoing significant positive changes and are selling at the lower part of what the firm believes will be a long-term price range.

The firm combines interest rate anticipation and sector analysis in an active management strategy emphasizing preservation of capital and consistency within the framework of total rate of return. The firm also maintains a proprietary dedication system and contingent management system.

As of Jan. 1, the asset mix was 65% stocks, 20% bonds and 15% cash.

Clients include AT&T, Beatrice Foods and Eastern Air Lines.

Joseph E. Gorman, president and chief executive officer, is chief investment officer and client contact.

National Life of Vermont-National Pension Properties

Montpelier, Vt. 05602; (802) 229-3656

Total assets managed	$2,100,000,000
Tax-exempt assets managed:	
Total	$51,000,000
Fully discretionary	$51,000,000
Real estate assets managed	$20,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	2
Types of accounts managed	CGJ

National Life's outside fee manage-

Performance

A Richard Ellis Tradition

Pension fund managers have relied on Richard Ellis for over 30 years to acquire properties that will perform. The prime property shown here is part of the approximately $200 million invested by Richard Ellis in the past year on behalf of its institutional clients.

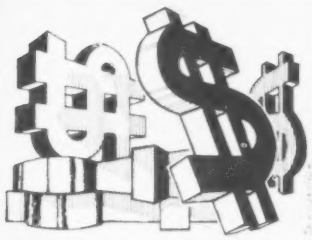
Richard Ellis is even more active in 1984, adding to the nearly $1 billion it has invested for its clients.

Philadelphia

Three Penn Center
(500,000 square feet)

Richard Ellis
Real Estate Investment Advisers

New York	Chicago	Atlanta	San Francisco
(212) 355-4810	(312) 861-1105	(404) 231-0400	(415) 392-1090



ment activities are concentrated in National Pension Properties, a closed-end real estate equity separate account for pension and profit-sharing plans. Investments are income-producing industrial and commercial properties in the Southeast and Texas.

The firm takes an opportunistic approach to acquisitions and an active role in managing and upgrading the real estate to maximize gains from appreciation during a five- to seven-year holding period. Property sales are timed both to market conditions and to the investment life cycle of each property.

As of Jan. 1, the asset mix was 25% stocks, 25% bonds, 10% cash, 25% equity real estate and 15% mortgages.

Ralph Heath, vice president-mortgage and real estate investments, is the chief investment officer; David Shaw, national marketing manager, is the client contact.

NCNB National Bank

1 NCNB Plaza, Charlotte, N.C. 28255; (704) 374-8379

Total assets managed	$4,020,000,000
Tax-exempt assets managed:	
Total	$2,411,000,000
Fully discretionary	$2,311,000,000
Master trust assets	$2,600,000,000
Master custodian assets	150,000,000
Real estate assets managed	$300,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	845
Types of accounts managed	CEFGJ
No. of portfolio managers	27
Size of research staff	7

NCNB National Bank's equity approach emphasizes growth, emerging growth and value-oriented stocks in a heavy sector-weighted equity strategy.

It is an active manager of intermediate-term bonds, with maturities of 10 years or less, and focuses a lot of activity on interest rate anticipation.

NCNB uses options, stock index futures and fixed-income futures.

As of Jan. 1, the asset mix was 48% stocks, 25% bonds, 12% cash and 15% equity real estate.

Clients include AT&T, United Telecommunications, Duke Power, Sonoco Products and Amstar.

Godfrey G. Howard, senior vice president, is the chief investment officer; Robert L. Reynolds, vice president, is the client contact.

Nelson, Benson & Zellmer Inc.

455 Sherman St. Suite 100, Denver, Colo. 80203; (303) 778-6800

Total assets managed	$220,000,000
Tax-exempt assets managed:	
Total	$147,000,000
Fully discretionary	$147,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	23
Types of accounts managed	CEF
No. of portfolio managers	4

Nelson, Benson and Zellmer, formerly First Trust Corp., is a fully invested bottom-up equity manager stressing three elements of fundamental financial analysis: growth of earnings, superior return on equity and quality of management.

Sector analysis defines its fixed-income strategy.

As of Jan 1, the asset mix was 75% stocks, 20% bonds and 5% cash.

W. Peterson Nelson, president, is the chief investment officer; John A. Benson, executive vice president, is the client contact.

Neuberger & Berman

522 Fifth Ave., New York, N.Y. 10036; (212) 790-9669

Total assets managed	$5,421,000,000
Tax-exempt assets managed:	
Total	$2,467,000,000
Fully discretionary	$2,467,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	120
Types of accounts managed	CEFGJ
No. of portfolio managers	34
Size of research staff	11

Neuberger & Berman's equity approach is based on low P/E, sector rotation and Graham & Dodd analysis. It takes high cash positions in falling and indecisive markets and high equity positions in rising markets. Its results come from the constant expansion/contraction of equity/bond/cash positions across market cycles.

Its fixed income approach is market oriented, using zero- to five-year maturities.

As of Jan 1, the asset mix was 85.2% stocks, 1.4% bonds and 13.4% cash.

Clients include the Boilermaker-Blacksmith National Pension Fund, Eastman Kodak, PPG Industries and Dart & Kraft.

Richard A. Cantor, president, is the chief investment officer; Robert R. McComsey, chief operating officer, is the client contact.

Newbold's Asset Mangement

1500 Walnut St., Philadelphia, Pa. 19102; (215) 893-8167

Total assets managed	$587,000,000
Tax-exempt assets managed:	
Total	$218,000,000
Fully discretionary	$218,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	53
Types of accounts managed	CEFG
No. of portfolio managers	10

Newbold's Asset Management, an equity manager, bases its approach on low P/E stocks.

As of Jan. 1, its asset mix was 80% stocks and 20% cash.

Clients include McGraw Edison Co., Pennsylvania Municipal Retirement System, Spectro Industries Inc. and Bryn Mawr Trust.

Timothy M. Havens, president, is the chief investment officer; Robert E. Clarke, vice president, is the client contact.

New England Mutual Life Insurance Co.

501 Boylston St., Boston, Mass. 02117; (617) 578-2000

Total assets managed	$8,488,000,000
Tax-exempt assets managed:	
Total	$4,129,000,000
Fully discretionary	$4,129,000,000
Real estate assets managed	$77,500,000
Minimum separate account	$1,000,000
Tax-exempt clients	3,000
Types of accounts managed	CFGJ
No. of portfolio managers	40
Size of research staff	60

The equity approach of New England Mutual Life Insurance is characterized by sector rotation, a search for companies with the greatest potential for an earnings surge, concentration in 20 to 30 issues and a strong sell discipline.

In addition to interest rate anticipation, the insurer uses sector and credit analyses performed by its staff for fixed-income strategies. Investments in are made in both the public bond and private placement markets. Fixed-income futures are used.

As of Jan. 1, the asset mix was 64.3% stocks, 13.2% bonds, 1% cash, 18% equity real estate and 3.5% mortgages.

Clients include ABC, Continental Group, Ford Motor and Frontier Airlines.

Ralph F. Verni, executive vice president-finance, is the chief investment officer; Donald I. Gregg, vice president-group pension marketing, is the client contact.

New Japan Capital Management Inc.

One World Trade Center, Suite 4959, New York, N.Y. 10048; (212) 938-5602

Total assets managed	$384,000,000
Tax-exempt assets managed:	
Total	$195,000,000
Fully discretionary	$93,000,000
International assets managed	$195,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	5
Types of accounts managed	FG
No. of portfolio managers	11
Size of research staff	43

New Japan Capital Management's investment approach provides a mixture of top-down and bottom-up fashions. Equities are classified in three categories — growth, emerging growth and cyclical — based on growth potential, industry leadership, capitalization, beta and P/E ratios.

The international manager has a passive fixed-income approach.

As of Jan. 1, the asset mix was 66% stocks and 34% bonds.

Junichi Uemura, managing director, is the chief investment officer; Hiroshi Takahashi, senior vice president, is the client contact.

Newport First Investment Services

567 San Nicolas Drive, Suite 104, Newport Beach, Calif. 92660; (714) 640-5500

Total assets managed	$14,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$12,000,000
Minimum separate account	$100,000
Tax-exempt clients	80
Types of accounts managed	CGJ

Newport First Investors' equity approach focuses on growth stocks, using its own computer program for identifying market momentum. When in a positive mode, clients are 100% invested in growth stock mutual funds.

When a defensive approach is called for, all clients are switched to a money market fund.

The firm's asset mix is either 100% cash or equity as dictated by its market monitoring system. As of Jan. 1, it was 100% cash.

William J. Ferry, president, is the chief investment officer; James F. Blixt, vice president-marketing, is the client contact.

New York Life Insurance Co.

51 Madison Ave, New York, N.Y. 10010; (212) 576-7000

Total assets managed	$19,625,000,000
Tax-exempt assets managed:	
Total	$5,353,000,000
Fully discretionary	$5,353,000,000
Real estate assets managed	31,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	5,176
Types of accounts managed	CGJ
No. of portfolio managers	6
Size of research staff	23

New York Life uses sector rotation and Graham & Dodd analysis in its equity approach. It emphasizes a value-oriented, diversified strategy, using fundamental research and incorporating top-down economic projections with bottom-up investment analysis.

In the fixed-income area, the firm seeks the highest income consistent with preservation of principal through investments in a diversified portfolio of securities rated within the four highest investment grades.

As of Jan. 1, the asset mix was 1% stocks, 90% bonds, 1% equity real estate and 8% mortgages.

Richard M. Kernan Jr., vice president-investment department, is the chief investment officer; William D. Calligan, vice president, and Edward C. Leithead, assistant vice president, are the client contacts.

Nicholas Co. Inc.

312 E. Wisconsin Ave., Milwaukee, Wis. 53202; (414) 272-6133

Total assets managed	$309,000,000
Tax-exempt assets managed:	
Total	$118,000,000
Fully discretionary	$118,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	29
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	2

Nicholas Co. focuses on growth stock, emerging growth, low P/E and uses Graham & Dodd in its equity approach. The equity manager follows a passive fixed-management approach.

As of Jan. 1, the asset mix was 65% stocks, 25% bonds and 10% cash.

Clients include Gundersen Clinic, Vulcan Materials and the Chicago Sun-Times.

Albert O. Nicholas, president, is the chief investment officer; Dave Johnson, portfolio manager, is the client contact.

Nikko International Capital Management Co.

140 Broadway, New York, N.Y. 10005; (212) 747-9823

Total assets managed	$930,000,000
Tax-exempt assets managed:	
Total	$42,000,000
Fully discretionary	$42,000,000
International assets managed	$42,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	14
Size of research staff	90

Nikko International's growth stock management is characterized by in-depth research and a buy-and-hold approach to growth stocks with high earnings growth rates and relatively low P/E multiples adjusted to potential earnings growth rates.

For fixed-income investments, the firm invests in a diversified portfolio composed of convertible bonds, straight bonds and short-term money market instruments in various international markets.

As of Jan. 1, the asset mix was 100% stocks.

Clients include United Airlines and Eli Lilly & Co.

Masashi Kaneko is chief investment officer; Tetsuya Murakami, senior vice president, is client contact.

Noddings, Calamos & Associates Inc.

2001 Spring Road, Suite 750, Oak Brook, Ill. 60521; (312) 789-8444

Total assets managed	$90,000,000
Tax-exempt assets managed:	
Total	$89,000,000
Fully discretionary	$64,000,000
Minimum separate account	$250,000
Tax-exempt clients	103
Types of accounts managed	CE
No. of portfolio managers	4
Size of research staff	6

Noddings, Calamos specializes in convertible securities. It uses undervalued convertible bond investments as a low-risk alternative to the equity market. The firm writes call options against undervalued convertible bonds as an alternative to the balanced approach.

As of Jan. 1, the asset mix was 100% convertible securities.

Clients include Johnson Controls.

Thomas C. Noddings, president, is the chief investment officer; John P. Calamos, executive vice president, is the client contact.

Nomura Capital Management

180 Maiden Lane, New York, N.Y. 10038; (212) 509-8181

Total assets managed	$2,478,000,000
Tax-exempt assets managed:	
Total	$174,000,000
Fully discretionary	$128,000,000
International assets managed	$174,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	7
Types of accounts managed	CG
No. of portfolio managers	20

Nomura Capital Management, an international manager, has an equity approach that focuses primarily on growth stocks. It also will use undervalued cyclical issues. Its holdings are diversified by market capitalization in Japan and other Pacific Basin countries. Its original research is used for combination top-down and bottom-up analyses.

As of Jan. 1, the asset mix was 93% stocks and 7% cash.

Clients include General Motors, General Electric, United Technologies and McDonnell Douglas.

Tadashi Kusume, president, is the chief investment officer; Brian Fitzgibbon, senior vice president, is the client contact.

North American Capital Management

Box 25275, 9741 Melrose Drive, Overland Park, Kan. 66225; (913) 541-1588

Total assets managed	$2,500,000
Tax-exempt assets managed:	
Total	$500,000
Fully discretionary	$500,000
Minimum separate account	$35,000
Tax-exempt clients	1
Types of accounts managed	FJ
No. of portfolio managers	1

North American Capital Management invests in large-capitalization equities, relying on technical analysis and market timing. Fundamental analysis is also followed, but not weighted as heavily.

Its fixed-income approach is passive, with portfolios maintained in issues maturing within two years. Options are used.

As of Jan. 1, the asset mix was 60% stocks and 40% cash.

Robert J. McElwain, president, is the chief investment officer and the client contact.

Northern Capital Management Inc.

2122 Luann Lane, Madison, Wis. 53713; (608) 274-9911

Total assets managed	$446,000,000
Tax-exempt assets managed:	
Total	$383,000,000
Fully discretionary	$383,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	54
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	4

Northern Capital Management, a balanced manager, incorporates emerging growth and market timing into its equity approach.

The firm's fixed-income strategy uses interest rate anticipation.

As of Jan. 1, the asset mix was 44% stocks, 32% bonds and 24% cash.

Clients include Briggs & Stratton, Mosinee Paper and Aerospace Corp.

Roland Reinholtz, chairman, is the chief investment officer; Stephen L. Hawk, executive vice president, is the client contact.

Northern Trust Co.

50 LaSalle St., Chicago, Ill. 60675; (312) 630-6000

Total assets managed	$13,576,000,000
Tax-exempt assets managed:	
Total	$4,308,000,000
Fully discretionary	$4,308,000,000
Master trust assets	$40,123,000,000
Master custodian assets	$3,893,000,000
International assets managed	$3,668,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	215
Types of accounts managed	CG
No. of portfolio managers	7
Size of research staff	18

The Northern Trust's equity approach emphasizes growth stock and emerging growth, focusing on stock selection and sector concentration.

Its fixed-income approach is based on risk parameters defined for collective funds. Return objectives and risk tolerances for each client are evaluated to determine which fund or funds might be appropriate. Both options and fixed-income futures are used by the firm.

As of Jan. 1, the tax-exempt asset mix was 50% stocks, 33% bonds and 17% cash.

Clients include Amling's, Chicago Bar Association, North Care Medical Group and the Orchestral Association.

David R. Geis, senior vice president and senior investment officer, is the chief investment officer; William D. Naftzger, vice president, is the client contact.

NorthWest Quadrant Inc.

369 San Miguel Drive, Suite 245, Newport Beach, Calif. 92660; (714) 820-9232

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Fully discretionary	$8,000,000
Minimum separate account	$500,000
Tax-exempt clients	32
Types of accounts managed	CJ
No. of portfolio managers	3
Size of research staff	1

NorthWest Quadrant specializes in convertible securities, covered option writing and closed-end funds. It concentrates on capturing inefficiencies in its area of expertise. Stock index futures also are used.

As of Jan. 1, the asset mix was 50% stocks, 5% cash and 45% convertible bonds.

Clients include Ledo Financial, Sun Pacific, Conservative Baptist Association of America and Dewitt. Roger W. Wilson, president, is the chief investment officer; Nancy Sweet is the client contact.

Norwest Bank Minneapolis
8th & Marquette, Minneapolis, Minn. 55479; (612) 372-9493

Total assets managed	$3,200,000,000
Tax-exempt assets managed:	
Total	$1,700,000,000
Fully discretionary	$1,300,000,000
Master trust assets	$900,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	852
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	6

The dominant thrust of Norwest Bank Minneapolis' equity approach is emerging growth stocks augmented by special situations and market timing. It uses a highly diversified approach to portfolio construction and emphasizes identifying values in out-of-favor, low P/E common stocks.

The fixed-income strategy uses high-grade liquid securities in balanced hedged portolios. Pass-throughs, floating rate notes, zero coupons and other non-traditional securities are emphasized.

As of Jan. 1, the asset mix was 42% stocks, 34% bonds and 24% cash.

Clients include Northern States Power, Carpenters & Joiners Pension Fund, Consolidated Paper and Republic Airlines.

Robert B. Mersky, senior vice president, is the chief investment officer; John A. Maschoff, vice president, and Robert W. Edgar Jr., assistant vice president, are client contacts.

NSR Asset Management
605 Third Ave., New York, N.Y. 10158; (212) 687-2200

Total assets managed	$1,011,000,000
Tax-exempt assets managed:	
Total	$1,011,000,000
Fully discretionary	$1,011,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	25
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	7

NSR Asset Management's equity philosophy emphasizes shifting or rotating portfolio allocations among market sectors. Target prices are used in buy and sell disciplines and portfolios are limited to 40 stocks.

For fixed income, the firm seeks to provide a dependable income stream and to provide an alternative to equities in preserving capital and reducing volatility. Its primary tool is interest-rate anticipation.

As of Jan. 1, the asset mix was 81% stocks, 10% bonds and 9% cash.

Clients include Boise Cascade, Ebasco Services, Allied Corp. and United Technologies.

Warren C. Juchatz, chairman, is the chief investment officer; Christopher A. Smith, director of marketing, is the client contact.

NWNL Investment Services
100 Washington Square, Minneapolis, Minn. 55440; (612) 375-4575

Total assets managed	$3,300,000,000
Tax-exempt assets managed:	
Total	$1,000,000,000
Fully discretionary	$1,000,000,000
Real estate assets mgd	$215,000,000
Minimum separate account	$10,000,000
Types of accounts managed	CG

NWNL Investment Services Corp. is affiliated with equity manager Hahn, Holland & Grossman and fixed-income manager Lotsoff Capital Management.

The firm uses options and fixed-income futures.

Clients include Whirlpool, Pillsbury, Halliburton and R.R. Donnelley & Sons.

Steve Wishart, president, is the chief investment officer; Frank Hermann, vice president-marketing, is the client contact.

NWQ Investment Management Co.
417 S. Hill St., Suite 585, Los Angeles, Calif. 90013; (213) 613-1053

Total assets managed	$160,000,000
Tax-exempt assets managed:	
Total	$120,000,000
Fully discretionary	$120,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	27
Types of accounts managed	CFGJ
No. of portfolio managers	3

NWQ Investment Management uses securities it believes are undervalued relative to others, emphasizing above-average dividend yields, below-average price to earnings and low price to book value.

The firm invests in fixed-income securities only when it believes there is an opportunity to earn a return substantially above the coupon rate, liquidating once the opportunity has been realized.

As of Jan. 1, the asset mix was 70% stocks, 12% bonds and 18% cash.

Clients include National Bulk Carriers, Kimberly-Clark, Hawaii Medical Service and Jacobs Engineering.

David A. Polak, president, is the chief investment officer; James P. Owen, vice president-marketing and client services, is the client contact.

Pensions & Investment Age's June 25 issue will contain a directory of international investment advisers.

Oakwood Counselors Inc.
50 Highway 9, Morganville, N.J. 07751; (201) 536-9552

Total assets managed	$46,000,000
Tax-exempt assets managed:	
Total	$14,000,000
Fully discretionary	$14,000,000
Minimum separate account	$100,000
Tax-exempt clients	17
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	5

Oakwood Counselors, a balanced manager, uses market timing and Graham & Dodd analysis in its equity approach. It uses a conceptual investing strategy, taking a macro-view of its environment and investing in specific beneficiaries of major trends.

The firm's fixed-income approach uses the relation of interest rate return to other returns available in general. It capitalizes upon yield curve and quality relationships.

Options are used.

As of Jan. 1, the asset mix was 40% stocks, 29% bonds and 31% cash.

Clients include Broadway Thread, Mt. Eden Textiles, Taco Inc. and Capri Beachwear.

Paul J. Sherman, president, is the chief investment officer; Kenneth H. Mantel, executive vice president, is the client contact.

Old Kent Bank & Trust Co.
1 Vandenberg Center, Grand Rapids, Mich. 49503; (616) 774-5893

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$844,000,000
Fully discretionary	$800,000,000
Real estate assets managed	$1,600,000
Minimum separate account	$60,000
Tax-exempt clients	410
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	5

The equity approach of Old Kent Bank & Trust focuses on growth stocks. The balanced manager employs interest rate anticipation in its fixed-income approach.

As of Jan. 1, the asset mix was 15% stocks, 15% bonds, 35% cash and 35% short-term securities.

James M. LaFleur, senior vice president, is the chief investment officer; Richard D. Bailey, assistant vice president, is the client contact.

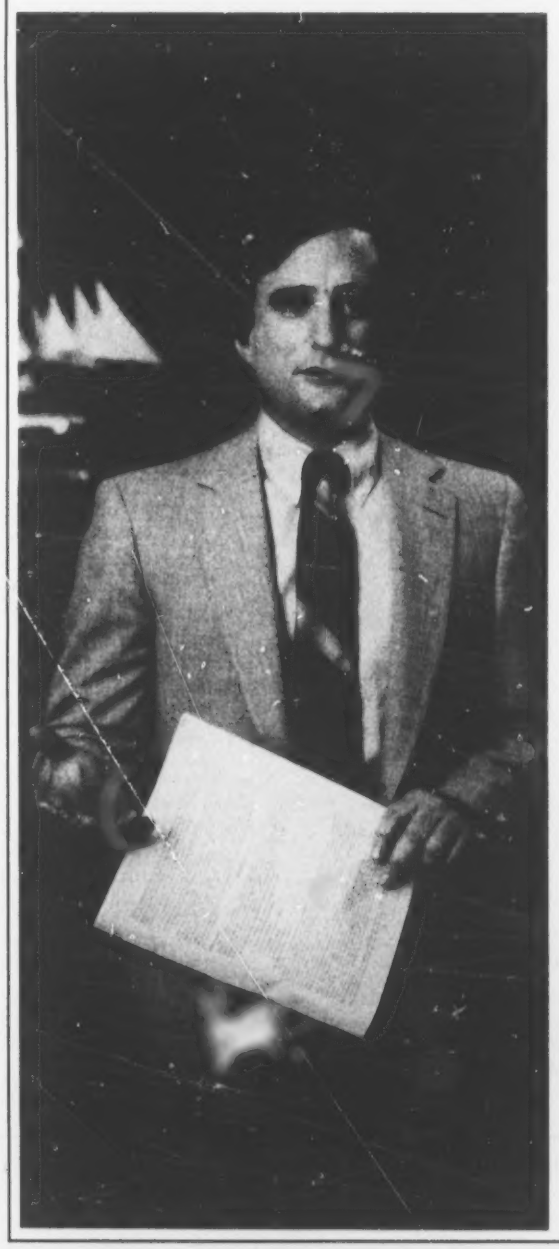
Old National Bank
W. 428 Riverside, Spokane, Wash. 99201; (509) 456-2058

Total assets managed	$317,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$80,000,000
Minimum separate account	$500,000
Tax-exempt clients	110
Types of accounts managed	CFJ
No. of portfolio managers	3

Old National Bank uses a fundamental approach to equities, using low P/E, sector rotation and Graham & Dodd techniques. The balanced manager closely follows the economy

"There are three good reasons why CME futures make sense for us."

–David Groelinger, Assistant treasurer, United Brands, New York



In the last decade, high interest rates and increased volatility made themselves felt where it counts — on the bottom line. But finance officers like David Groelinger, assistant treasurer for United Brands, are finding ways to cope with interest-rate risk using futures at the Chicago Mercantile Exchange.

"There are three good reasons why CME futures make sense for us.

"First, the futures market enables us to lock in the cost of borrowing prior to the actual time at which we might need the funds.

"Second, you can lengthen and shorten maturities with more flexibility than the cash market allows.

"Third, the futures market enables you to operate at the short end of the yield curve when borrowing and at the long end of the yield curve when investing. That can reduce the cost for borrowers and increases the yield for investors.

"Futures provide a level of flexibility that may not be available in the cash market, but at the same time, there is practically no risk in futures that doesn't already exist in cash transactions."

To learn more about using financial futures to manage interest-rate risk, contact your brokers or the CME. Each can show you an educational videotape introducing corporate treasurers to CME futures or provide you with copies of "Inside Treasury Bill Futures," "Inside CD Futures" and "Inside Eurodollar Futures." ■

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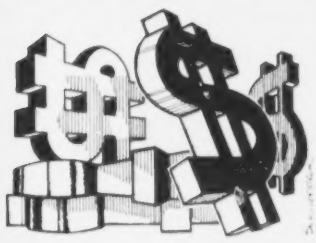

to anticipate the future course of interest rates for fixed income.

As of Jan. 1, the asset mix was 50% stocks, 25% bonds and 25% cash.

Thomas Kent, vice president and manager-trust investments, is the chief investment officer; Darald A. Gesinger, vice president and manager, is the client contact.

Olympic Capital Management Inc.

3008 Rainier Tower, Seattle, Wash. 98101; (206) 447-9399

Total assets managed	$470,000,000
Tax-exempt assets managed:	
Total	$440,000,000
Fully discretionary	$440,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	37
Types of accounts managed	CEFJ
No. of portfolio managers	5

Olympic Capital's equity strategy uses sector rotation and Graham & Dodd analysis and is fundamentally oriented. It pays strict attention to price and takes a semicontrarian approach, discouraging investments solely driven by market sentiment.

Its fixed-income strategy is based on interest rate anticipation. The firm believes fixed assets must be actively managed, and emphasizes the control of risk, innovative market knowledge and the arbitraging of shifting relative values.

As of Jan. 1, the asset mix was 40% stocks, 50% bonds and 10% cash.

Clients include Boeing, Ralph M. Parsons, Nike and General Public Utilities.

John S. Crowl, principal, is chief investment officer and client contact.

Global directory set for June 25.

Why TDP&L's drug analyst visits Osaka, Kalamazoo, and Basel.

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Thorndike, Doran, Paine & Lewis

Oppenheimer Capital Corp.

1 New York Plaza, New York, N.Y. 10004; (212) 825-4000

Total assets managed	$4,995,000,000
Tax-exempt assets managed:	
Total	$4,666,000,000
Fully discretionary	$2,788,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	178
Types of accounts managed	CEFGJ
No. of portfolio managers	14
Size of research staff	6

Oppenheimer Capital's common stock approach is value oriented and bottom-up. The firm interrelates its judgments as to changes and trends in overall financial liquidity with its assessment of overall market valuation levels.

The firm's proprietary fixed-income approach stresses value and trends in financial liquidity in assessing the risks and opportunities in the markets.

Oppenheimer offers a covered option-writing program.

As of Jan. 1, the asset mix was 67% stocks, 20% bonds and 13% cash.

Clients include the American Medical Association, Rockefeller Foundation, Inland Steel and New York State Common Retirement Fund.

Joseph M. La Motta, president, is the chief investment officer; Frank P.L. Minard, senior vice president, is the client contact.

Oregon Bank

P.O. Box 2808, 1001 S.W. Fifth Ave., Portland, Ore. 97208; (503) 222-7611

Total assets managed	$135,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	$54,000,000
Minimum separate account	$100,000
Tax-exempt clients	88
Types of accounts managed	CEFJ
No. of portfolio managers	4

Oregon Bank uses a disciplined, undervalued approach to equity selection, with emphasis on low P/E issues and with a modest bias toward Pacific Northwest companies.

In fixed income, the bank emphasizes principal stability and consistency of returns by limiting maturities to 10 years or less and minimizing credit risk.

As of Jan. 1, the asset mix was 41% stocks, 49% bonds and 10% cash.

Robert T. Platt, vice president, is the chief investment officer; Arthur Kriegsmann is the client contact.

Oxford Partners

72 Cumming Point Road, Stamford, Conn. 06902; (203) 964-0592

Total assets managed	$56,000,000
Tax-exempt assets managed:	
Total	$29,000,000
Fully discretionary	$29,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	22
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	3

Oxford Partners is a venture capital manager specializing in early-stage technology companies.

As of Jan. 1, the asset mix was 100% venture capital.

Clients include GE Pension Trust, Eaton, NCR and Grumman. Kenneth W. Rind is chief investment officer; Cornelius T. Ryan is client contact.

P

The Pacific Century Group

1200 Third Ave., P.O. Box 121509, San Diego, Calif. 92112; (619) 238-8354

Total assets managed	$2,100,000,000
Tax-exempt assets managed:	
Total	$85,000,000
Fully discretionary	$85,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	8
Types of accounts managed	CJ
No. of portfolio managers	6
Size of research staff	6

The Pacific Century Group, a subsidiary of Security Pacific Bank, uses a bottom-up approach to equities, investing in 25 to 40 companies that have dramatically accelerated earnings, low institutional ownership and strong relative price strength.

In fixed income, the manager ideally aims to be fully invested in high-yield debt of undervalued companies. It uses a top-down and bottom-up approach and uses Treasury futures as a defensive hedge.

Pacific Century also uses options and stock index futures.

As of Jan. 1, the asset mix was 80% stocks, 10% bonds and 10% cash.

Clients include Eli Lilly, Revlon, Blue Cross/Blue Shield of Virginia and Republic Financial Services.

Arthur E. Nicholas, managing director, is the chief investment officer; Fred C. Applegate, director of marketing, is the client contact.

Pacific Financial Research

9401 Wilshire Blvd., Suite 1175, Beverly Hills, Calif. 90212; (213) 278-4461

Total assets managed	$244,000,000
Tax-exempt assets managed:	
Total	$230,000,000
Fully discretionary	$220,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	17
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

Pacific Financial Research is a long-term, value-oriented contarian management firm. It avoids risk and screens quantitatively and qualitatively for intrinsic value.

Its fixed-income approach is value oriented. The firm's dividend discount model values bonds vs. stocks or cash. When bonds are cheaper, the firm allocates assets to bonds. Quality and maturity depend on relative market risks and opportunities.

As of Jan. 1, the asset mix was 75% stocks, 22% bonds and 3% cash.

Clients include the Washington Post, FMC, PSA and GTE.

James H. Gipson, owner, is the chief investment officer; Norman E. Williamson is the client contact.

Pacific Investment Management Co.

840 Newport Center Drive, Suite 360, Newport Beach, Calif. 92660; (714) 640-3031

Total assets managed	$5,342,000,000
Tax-exempt assets managed:	
Total	$5,310,000,000
Fully discretionary	$4,927,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	56
Types of accounts managed	CFGJ
No. of portfolio managers	6

Pacific Investment Management bases its equity approach on high-quality companies with above-average growth. It then determines the appropriate price to pay for that growth through application of a valuation methodology.

The firm, mainly a fixed-income manager, emphasizes interest rate and business cycle forecasting. It capitalizes on intermediate- (six to 12 months) to longer-term (two to three years) bond market cycles, de-emphasizing shorter-term moves. Pacific Investment attempts to restructure a portfolio's quality, maturity, sector and coupon during significant turning points in the interest rate cycle.

Options and fixed-income futures are used.

As of Jan. 1, the asset mix was 4% stocks, 81% bonds and 15% cash.

Clients include Standard Oil (Indiana), 3M, the Kansas Public Employees Retirement System and AT&T.

James F. Muzzy, managing director, is the client contact.

Pacific Mutual Life Insurance

700 Newport Center Drive, Newport Beach, Calif. 92660; (714) 640-3011

Total assets managed	$3,739,000,000
Tax-exempt assets managed:	
Total	$2,244,000,000
Fully discretionary	$2,167,000,000
Real estate assets managed	$115,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	303
Types of accounts managed	CEGJ
No. of portfolio managers	5
Size of research staff	5

Pacific Mutual Life Insurance, a balanced manager, uses growth stocks in its equity approach and places emphasis on companies with high return on equity and above-average unit volume growth.

Its fixed-income strategy adjusts portfolio maturities and sectors to obtain optimal performance from anticipated changes in the general level of interest rates along with changes in the yield curve and yield spreads.

Fixed-income futures are used.

As of Jan. 1, the asset mix was 46% stocks, 13% bonds, 17% cash, 8% equity real estate and 16% mortgages.

Clients include Albertson's, Dresser Industries, Interspace, Republic Airlines and Southern California Edison.

Ott Thompson, executive vice president, is the chief investment officer; Daryle G. Johnson, vice president, is the client contact.

Pacific Mutual Realty

700 Newport Center Drive, Newport Beach, Calif. 92660; (714) 640-3000

Total assets managed	$370,000,000
Tax-exempt assets managed:	
Total	$70,000,000
Fully discretionary	$70,000,000
Real estate assets managed	$32,000,000
Tax-exempt clients	3
Types of accounts managed	CG

Pacific Mutual Realty, a real estate manager, offers closed-end equity real estate funds.

As of Jan. 1, the asset mix was 100% equity real estate.

Clients include United Airlines, state of Washington and Southern California Edison.

Neal A. Randle and J. Raymond Walker, vice presidents, are the client contacts.

Victor Palmieri & Co.

2021 K. St., N.W., Washington, D.C. 20006; (202) 223-8690

Total assets managed	$950,000,000
Tax-exempt assets managed:	
Total	$750,000,000
Fully discretionary	$750,000,000
Real estate assets managed	$750,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	8
Types of accounts managed	CJ
No. of portfolio managers	10

Victor Palmieri is a real estate manager.

As of Jan. 1, the asset mix was 20% equity real estate, 1.5% cash and 78.5% mortgages.

John A. Koskinen, president, is the chief investment officer and client contact.

Canadian advisers will be ranked and profiled in the July 9 issue.

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Profiles

Parker Dillon Carlson & Johnson

1416 Miamisburg-Centerville Road, Dayton, Ohio 45459; (513) 439-1010

Total assets managed	$7,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$5,000,000
Minimum separate account	$500,000
Tax-exempt clients	6
Types of accounts managed	C
No. of portfolio managers	4

Parker Dillon Carlson & Johnson, an equity manager, uses a disciplined valuation process for buy and sell decisions, concentrating on issues with market capitalizations of between $100 million and $1 billion.

It maintains fixed-income portfolio durations relative to the market duration consistent with the firm's interest rate outlook.

As of Jan. 1, the asset mix was 62% stocks, 28% bonds and 10% cash.

Leslie O. Parker III is chief investment officer and client contact.

Parmelee Management Corp.

950 Third Ave., New York, N.Y. 10022; (212) 753-1597

Total assets managed	$70,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Minimum separate account	$500,000
Tax-exempt clients	35
Types of accounts managed	C
No. of portfolio managers	1

Parmelee Management, an equity manager, uses a growth stock strategy.

As of Jan. 1, the asset mix was 60% stocks, 30% bonds and 10% cash.

Alfred G. Parmelee, president, is the chief investment officer and client contact.

Alan Patricof Associates Inc.

545 Madison Ave., New York, N.Y. 10022; (212) 753-6300

Total assets managed	$230,000,000
Tax-exempt assets managed:	
Total	$155,000,000
Fully discretionary	$155,000,000
International assets managed	$30,000,000
Tax-exempt clients	94
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	8

Alan Patricof Associates is involved entirely in the management of funds in the area of venture capital, operating closed-end pools in the United States, United Kingdom and France. Each pool contains funds from institutional investors in all countries. Venture capital investments are made in emerging growth companies across a broad industrial spectrum in which the firm takes an active partnership role.

The firm invests its idle funds in CDs, commercial paper and U.S. government instruments with maturities of one year or less.

Clients include New York Life Insurance, New York State Common Retirement Fund, Vanderbilt University and Montgomery Ward.

Alan J. Patricof, chairman, is the chief investment officer; Mr. Patricof and Robert G. Faris, president, are the client contacts.

The Peckham Boston Co.

4 Longfellow Place, Boston, Mass. 02114; (617) 523-4440

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Real estate assets managed	$20,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	4
Types of accounts managed	C

The Peckham Boston Co. is a real estate equity manager. As of Jan. 1, its assets were invested 100% in equity real estate.

John M. Peckham II is chief investment officer and client contact.

Penmark Investments Inc.

222 N. Dearborn St., Chicago, Ill. 60601; (312) 641-6577

Total assets managed	$500,000,000
Tax-exempt assets managed:	
Total	$350,000,000
Fully discretionary	$350,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	9
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	2

Penmark Investments, a balanced manager, focuses its equity approach on seeking growth from low P/E stocks with above-average earnings expectations in the low- and middle-capitalization sectors of the market.

In its fixed-income approach, Penmark looks for stability from high-income issues and hedging with options on financial futures. It uses rate anticipation and sector analysis.

As of Jan. 1, the asset mix was 20% stocks, 70% bonds and 10% cash.

Clients include American Airlines, Chicago Police, Chicago Park District and Esmark Foundation.

Richard L. Boggs, executive vice president, is chief investment officer.

The Penn Mutual Life Insurance Co.

510 Walnut St., Philadelphia, Pa. 19172; (215) 625-5000

Total assets managed	$4,184,000,000
Tax-exempt assets managed:	
Total	$852,000,000
Fully discretionary	$852,000,000
Real estate assets managed	$324,000,000
Tax-exempt clients	1,040
Types of accounts managed	CG
No. of portfolio managers	3
Size of research staff	5

The Penn Mutual Life Insurance Co. centers its equity approach on growth and low P/E stocks. It uses Graham & Dodd analysis.

Interest rate anticipation determines its fixed-income strategy.

As of Jan. 1, the tax-exempt asset mix was 11% stocks, 29% bonds, 1% cash, 2% equity real estate, 27% mortgages and 30% short-term investments.

Kenneth M. Miller, financial vice president, is the chief investment officer; Richard P. Jensen, vice president-pension marketing and sales, is the client contact.

Pension Management Co.

1450 Post Oak Tower, Houston, Texas 77056; (713) 627-1293

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$10,000,000
Minimum separate account	$500,000
Types of accounts managed	CG

Pension Management, a balanced manager, focuses its equity approach on growth stocks with a heavy emphasis on Compound selections.

Its fixed-income strategy places strong emphasis on convertible issues.

As of Jan. 1, the asset mix was 20% stocks, 70% bonds and 10% cash.

John H. Lee, research director, is the chief investment officer and the client contact.

Pension Portfolio Advisors

25800 Northwestern Highway, Southfield, Mich. 48037; (313) 357-4800

Total assets managed	$500,000,000
Tax-exempt assets managed:	
Total	$250,000,000
Fully discretionary	$250,000,000
Tax-exempt clients	1,250
Types of accounts managed	CGJ
Minimum separate account	0
No. of portfolio managers	3
Size of research staff	1

Pension Portfolio Advisors, a subsidiary of Maccabees Mutual Life, uses a passive and emerging growth equity approach in combination with a guaranteed account of its parent.

Its fixed-income approach uses "new money" insurance contracts.

As of Jan. 1, the asset mix was 5% stocks, 90% bonds and 5% cash.

John F. McCormick, vice president and treasurer, is the chief investment officer; Richard C. VandenBrul, vice president, is the client contact.

Philadelphia National Bank

Broad and Chestnut Streets, Philadelphia, Pa. 19101; (215) 629-3100

Total assets managed	$3,200,000,000
Tax-exempt assets managed:	
Total	$850,000,000
Fully discretionary	$500,000,000
Master trust assets	$65,000,000
International assets managed	$10,000,000
Minimum separate account	0
Tax-exempt clients	270

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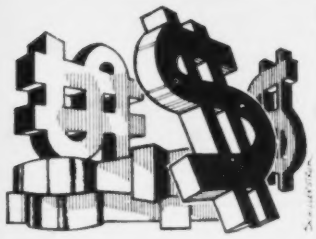

Types of accounts managed	CEFJ
No. of portfolio managers	11
Size of research staff	3

Philadephia National Bank, an equity and fixed-income manager, uses growth stock in its equity approach. It invests primarily in shares of established, high-quality companies that have demonstrated and are expected to continue to show more rapid growth than the overall economy.

The firm uses interest rate anticipation and believes fixed-income portfolios should be actively managed to dampen volatility and to maximize return.

As of Jan. 1, the asset mix was 50% stocks, 40% bonds and 10% cash.

Clients include Blue Cross-Blue Shield of Philadelphia, Stroehmann Bros. and Philadelphia Electric.

Mark Stalnecker, senior vice president, is the chief investment officer. Donald F. Corey Jr., vice president, and Mark G. Burlingham, trust officer, are the client contacts.

Phoenix Mutual Life Insurance Co.

1 American Row, Hartford, Conn. 06115; (203) 275-5000

Total assets managed	$3,758,000,000
Tax-exempt assets managed:	
Total	$978,000,000
Fully discretionary	$978,000,000
Real estate assets managed	$50,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	1,500
Types of accounts managed	CG
No. of portfolio managers	5
Size of research staff	4

Phoenix Mutual Life Insurance focuses its equity approach on growth stocks, sector rotation and market timing. While the primary goal is appreciation, the insurer puts heavy emphasis on avoiding loss. It also seeks appreciation through value.

Its fixed-income strategy uses a combination of interest rate anticipation and sector analysis. Through active management, the firm attempts to provide high current yield. Capital growth is an important, but secondary, consideration.

Options are used.

As of Jan. 1, the asset mix was 8.6% stocks, 26.2% bonds, 3% cash, 15.1% equity real estate, 11.1% mortgages and 36% short term investments.

Ashby Bladen, senior vice president-investments, is the chief investment officer; H. Russell Irving, second vice president-group pension marketing, is the client contact.

Pilgrim Baxter Hoyt & Greig

2000 Market St., Philadelphia, Pa. 19103; (215) 561-4052

Total assets managed	$80,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$80,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	5
Types of accounts managed	C

Pilgrim Baxter Hoyt & Greig, an equity manager, takes an aggressive rotational management approach to a broad spectrum of growth stocks built on earnings-based fundamental disciplines.

As of Jan. 1, the asset mix was 92% stocks and 8% cash.

Gary L. Pilgrim is the chief investment officer; Harold J. Baxter, managing partner, is the client contact.

Pilgrim Management Corp.

222 Bridge Plaza South, Fort Lee, N.J. 07204; (201) 461-7500

Total assets managed	$450,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	100
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	6

Pilgrim Management's equity approach focuses on companies that consistently raise dividends and that have low debt, strong balance sheets and low P/E ratios.

The firm has a passive fixed-income strategy.

As of Jan. 1, the asset mix was 80% stocks, 10% bonds and 10% cash.

William J. Lippman, president, is chief investment officer and client contact.

Pioneering Management

60 State St., Boston, Mass. 02109; (617) 742-7825

Total assets managed	$4,100,000,000
Tax-exempt assets managed:	
Total	$1,500,000,000
Fully discretionary	$1,500,000,000
International assets managed	$140,000,000
Minimum separate account	$50,000,000
Types of accounts managed	CEG
No. of portfolio managers	5
Size of research staff	10

Pioneering Management uses internally generated research to identify and purchase securities whose underlying values are not fully reflected in their market prices. Portfolios maintain a fully invested posture.

Its fixed-income approach concentrates on analyzing the potential return and risks of each segment of the business/credit cycle. Portfolios are gradually adjusted to shifts in economic fundamentals.

As of Jan. 1, the asset mix was 98% stocks and 2% cash.

Paul Mullare, executive vice president, is the chief investment officer; Thomas Walsh, senior vice president, and Sherman Russ, vice president, are the client contacts.

Pittsburgh National Bank

Fifth Avenue & Wood Street, Pittsburgh, Pa. 15265; (412) 355-4845

Total assets managed	$3,768,000,000
Tax-exempt assets managed:	
Total	$2,715,000,000
Fully discretionary	$1,665,000,000
Master trust assets	$250,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	1,343
Types of accounts managed	CFG
No. of portfolio managers	6
Size of research staff	9

Pittsburgh National Bank offers two quantitative equity portfolios: Quantitative Management Systems, a large-cap core fund using a disciplined buy/sell strategy, and Quantitative Risk Control, a high-beta, smaller-cap fund assuring no downside risk.

In its fixed-income strategy, Pittsburgh National uses interest rate anticipation to buy and hold intermediate-maturity, high-quality current coupon issues.

As of Jan. 1, the asset mix was 40% stocks, 52% bonds and 8% cash.

Clients include Cooper Tire & Rubber, USAir, Westinghouse Electric and Sheller-Globe.

Nicholas Nilsen, vice president and manager of the employee benefit department, is the chief investment officer; Seth A. Wanetik, national marketing director, is the client contact.

The Portfolio Group Inc.

30 Rockefeller Plaza, New York, N.Y. 10112; (212) 621-2373

Total assets managed	$852,000,000
Tax-exempt assets managed:	
Total	$134,000,000
Fully discretionary	$110,000,000
Minimum separate account	$500,000
Tax-exempt clients	124
Types of accounts managed	C
No. of portfolio managers	14
Size of research staff	8

The Portfolio Group has an equity strategy that invests in companies with high return on total capital at modest market valuations.

It uses a combination of interest rate forecasting and sector credit analysis within the short maturity orientation for fixed income.

As of Jan. 1, the asset mix was 45% stocks, 35% bonds and 20% cash.

Clients include Philip A. Hunt Chemical, Valley National Bank and Rockaway Corp.

Stephen B. Timbers, senior vice president, is the chief investment officer; Robert E. Pelligrini, second vice president, is the client contact.

Portfolio Timing Inc.

306 American Federal Building, Tacoma, Wash. 98402; (206) 383-1676

Total assets managed	$2,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$2,000,000
Minimum separate account	$20,000
Types of accounts managed	CE
No. of portfolio managers	1

Portfolio Timing, an equity manager, bases its approach on market timing. It uses a proprietary formula, the Money Flow Index, to signal 100% moves between no-load mutual funds and money market funds.

It bases its fixed-income approach on bond market timing, using a proprietary formula, the Fixed Income Index, to signal 100% moves between intermediate-term fixed-income funds and money market funds.

As of Jan. 1, the assets were invested completely in cash.

Carl J. Kludt, president, is the chief investment officer; Sondra Purcell, general manager, is the client contact.

Potomac Asset Management

5247 Wisconsin Ave., N.W. #5, Washington, DC. 20015; (202) 364-6900

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	$140,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	16
Types of accounts managed	CGJ
No. of portfolio managers	3
Size of research staff	1

Potomac Asset Management focuses its equity strategy on small and medium-sized growth companies and special situations. Risk is controlled through various screenings for quality and value ratios.

The firm has a passive fixed-income approach, which is achieved primarily by adjusting maturities when anticipating major cyclical interest rate swings. The company buys high-quality (rated A or better) bonds.

As of Jan. 1, Potomac Asset's asset mix was 80% stocks, 13% bonds and 7% cash.

Clients include the Steamship Trade Association - International Longshoreman's Association Pension Fund, the Operating Engineers Pension Fund, Woodward & Lothrop Retirement Plan and the District of Columbia Retirement Plan.

Peter Ladd Gilsey, is the chief investment officer and client contact.

T. Rowe Price Associates

100 E. Pratt St., Baltimore, Md. 21202; (301) 547-2000

Total assets managed	$16,100,000,000
Tax-exempt assets managed:	
Total	$7,445,000,000
Fully discretionary	$6,965,000,000
International assets managed	$729,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	179
Types of accounts managed	CEFGJ
No. of portfolio managers	17
Size of research staff	27

T. Rowe Price Associates Inc. favors major growth, smaller growth and natural resource companies. It adjusts its proportional holdings in each area when changes are expected in the investment environment.

The firm's fixed-income strategy emphasizes interest rate analysis, economic research, credit and value analyses and sector trades to provide high current income with preservation of principal.

Options are used.

Effective Jan. 1, T. Rowe Price Trust Co., a wholly owned subsidiary of T. Rowe Price Associates, assumed the function of trustee and custodian for certain retirement plans of the T. Rowe Price Funds.

International assets are invested by Rowe Price-Fleming International.

As of Jan. 1, the asset mix was 58% stocks, 19% bonds, 22% cash and 1% convertibles.

M. David Testa, vice president and director, is the chief investment officer; Charles H. Salisbury Jr., vice president and director, is the client contact.

PRIMECAP Management Co.

225 S. Lake Ave., Pasadena, Calif. 91101; (818) 304-9222

Total assets managed	$82,000,000
Tax-exempt assets managed:	
Total	$82,000,000
Fully discretionary	$82,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	4
Types of accounts managed	CEF
No. of portfolio managers	3

PRIMECAP is a value-oriented equity manager with a focus on long-term growth of capital. Value, quality, a long-term horizon and flexibility are the four major concepts of its market approach.

As of Jan. 1, the asset mix was 65% stocks and 35% cash.

Clients include Rockwell, Aluminum Co. of America and Boeing.

Howard B. Schow, chairman, is the chief investment officer; Mitchell J. Milias, president, is the client contact.

Primm & Roebling Inc.

145 Witherspoon St., Princeton, N.J. 08540; (609) 924-6070

Total assets managed	$28,000,000
Tax-exempt assets managed:	
Total	$9,000,000
Fully discretionary	$1,000,000
Minimum separate account	$300,000
Tax-exempt clients	3
Types of accounts managed	CEF
No. of portfolio managers	2

Primm & Roebling's equity strategy, which is value oriented, emphasizes low P/E, sector rotation, Graham & Dodd and MPT.

Its fixed-income approach is based on interest rate anticipation and sector analysis.

Options are used.

As of Jan. 1, the asset mix was 50% stocks, 35% bonds and 15% cash.

William F. Primm is the chief investment officer and client contact.

Pringle, Flinn, Elvins & Donahoe Inc.

1 Union Square, Suite 3323, Seattle, Wash. 98101; (206) 623-7955

Total assets managed	$567,000,000
Tax-exempt assets managed:	
Total	$317,000,000
Fully discretionary	$456,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	42
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Pringle, Flinn, Elvins & Donahoe's equity approach is based on low P/E and Graham & Dodd analysis. Its philosophy is to manage portfolios actively, and to view stock selection on the basis of fundamental and relative-value analyses as the key determinants of superior performance.

Its fixed-income portfolios are managed on a moderately active basis, with emphasis on interest rate anticipation. Emphasis is also placed on liquidity and marketability. The firm generally purchases issues with a rating of A or better.

As of Jan. 1, the asset mix was 55% stocks, 37% bonds and 8% cash.

Clients include Seattle City Employees Retirement System and Boeing.

MacMillan Pringle, president, is the chief investment officer; Larry O. Elvins, senior vice president, is the client contact.

Professional Asset Management Inc.

3379 Peachtree Road N.E., Suite 665, Atlanta, Ga. 30326; (404) 261-0441

Total assets managed	$38,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$12,000,000
Minimum separate account	$150,000
Tax-exempt clients	32
Types of accounts managed	CF
No. of portfolio managers	1

Professional Asset Management bases its equity approach on Graham & Dodd analysis. It purchases equities when the value of the shares does not reflect the worth of the company and when the reason for the undervaluation is clearly understood.

Its fixed-income approach is based on sector analysis. The funds are managed without regard to interest rate forecasts except at market extremes. Lower-rated bonds are purchased when off-balance-sheet assets are present.

Options are used.

As of Jan. 1, the asset mix was 60% stocks, 20% bonds and 20% cash.

Clients include Central Truck Parts, Livingston Foundation and Bakery Products Delivery.

Marc Heilweil, president, is chief investment officer and client contact.

Key to abbreviations

C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State, local governments
J: Jointly trusteed

HOLBORN INTERNATIONAL
PORTFOLIO MANAGERS LIMITED

Holborn International Portfolio Managers Ltd. specializes in the management of international equity, cash and bond portfolios.

New York representatives:

Thomas F. Guillet - Vice President
Peter Whelpton - Vice President

450 Park Avenue New York, N.Y. 10022
Tel: (212) 980-0977 Telex: 971231

142 Holborn Bars London, EC1N 2NH
Tel: 01-405-9222 Telex: 851298195

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Professional Capital Management Inc.

3303 Independent Square, Jacksonville, Fla. 32202; (904) 358-7866

Total assets managed	$420,000,000
Tax-exempt assets managed:	
Total	$300,000,000
Fully discretionary	$200,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	36
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	2

Professional Capital Management bases its equity approach on low P/E and Graham & Dodd analysis. The fixed-income approach focuses on interest rate anticipation.

As of Jan. 1, Professional Capital's asset mix was 55% stocks, 25% bonds and 20% cash.

Peter A. Massaniso, president, is chief investment officer; G. Bruce Douglas, chairman of the board, is the client contact.

Property Capital Advisors

200 Clarendon St., Boston, Mass. 02116; (617) 536-8600

Total assets managed	$220,000,000
Tax-exempt assets managed:	
Total	$170,000,000
Fully discretionary	$170,000,000
Real estate assets managed	$170,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	40
Types of accounts managed	CEF

Property Capital Advisors, an equity real estate manager, invests in major income-producing, institutional-quality real estate such as office buildings, shopping centers and industrial properties throughout the United States.

As of Jan. 1, the asset mix was 100% equity real estate.

Clients include Harvard University, U.S. Steel Pension Fund, World Bank and the Massachusetts Institute of Technology.

Anthony D. Fox, senior vice president, is the chief investment officer; Robert M. Armstrong, senior vice president and treasurer, is the client contact.

The Providence Group, Investment Advisory Co.

500 Turks Head Building, Providence, R.I. 02903; (401) 331-6250

Total assets managed	$82,000,000
Tax-exempt assets managed:	
Total	$32,000,000
Fully discretionary	$26,000,000
Minimum separate account	$200,000
Tax-exempt clients	60
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	2

The Providence Group's equity strategy is to evaluate economic and market trends in order to identify industries in strong secular growth patterns, then focus on identifying companies growing faster than their competition.

Its fixed-income strategy is to protect principal and to provide a high level of stable income. Its bond selection emphasizes minimum volatility and risk.

As of Jan. 1, the asset mix was 24% stocks, 68% bonds, 5% cash and 3% preferred stock.

Clients include the Rhode Island Medical Society, Fuller Box and Marion Pranikoff.

Robert F. Hall, president, is the chief investment officer and the client contact.

Provident Capital Management Inc.

30 S. 17th St., Philadelphia, Pa. 19103; (215) 561-6000

Total assets managed	$1,220,000,000
Tax-exempt assets managed:	
Total	$1,220,000,000
Fully discretionary	$968,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	55
Types of accounts managed	CEGJ
No. of portfolio managers	6

Provident Capital Management identifies stocks with low price relative to the past 12-months' earnings that are beginning to demonstrate positive earnings "surprises." Extensive fundamental research then focuses on the screened securities.

The equity manager's fixed-income style emphasizes reduced risk (volatility) by focusing on intermediate maturities while providing incremental return through inter-sector trading based on yield-spread aberrations.

As of Jan. 1, the asset mix was 69% stocks, 13% bonds and 18% cash.

Clients include Westinghouse, New York City Employees, Boeing and the New York Stock Exchange.

W. Anthony Hitschler is the chief investment officer; Diane M. Kagel is the client contact.

Provident Investment Counsel Inc.

225 S. Lake Ave., Suite 1001, Pasadena, Calif. 91101; (818) 449-8500

Total assets managed	$1,135,000,000
Tax-exempt assets managed:	
Total	$1,075,000,000
Fully discretionary	$1,075,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	43
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	2

Provident Investment Counsel's equity approach is to systematically buy companies that have superior financial characteristics and are experiencing an accelerating rate of earnings growth.

Its fixed-income approach is based on interest rate anticipation. Once the forecast is established, shifts in its commitment to bonds and shifts along the yield curve are primary tools in managing the fixed-income portion of its balanced accounts.

As of Jan. 1, the asset mix was 75% stocks, 3% bonds and 22% cash.

Clients include Coastal Corp., Consolidated Foods, Avon Products and GTE.

Robert M. Kommerstad, chairman, is the chief investment officer; Jeffrey J. Miller, executive vice president, is the client contact.

Canadian advisers will be ranked and profiled in the July 9 issue.

Provident Mutual Co.

1600 Market St., Philadelphia, Pa. 19103; (215) 636-5000

Total assets managed	$2,200,000,000
Tax-exempt assets managed:	
Total	$413,000,000
Fully discretionary	$413,000,000
Tax-exempt clients	200
Types of accounts managed	CGJ
No. of portfolio managers	7
Size of research staff	2

Provident Mutual uses a value-oriented equity system that identifies overvalued and undervalued stocks at different times in the business cycle.

For fixed-income, the company uses a combination of interest rate anticipation and sector analysis. The intermediate-term interest rate outlook guides Provident's percentage invested. Section analysis of both quality and industry sectors is used extensively on invested funds.

As of Jan. 1, the asset mix was 3.3% stocks, 88.7% bonds and 8% cash.

Leonard H. McCandless, senior vice president-investments, is the chief investment officer; John F. Muller, director of pension marketing, is the client contact.

Prudential Insurance Co.

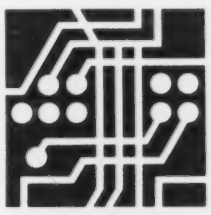
Prudential Plaza, Newark, N.J. 07101; (201) 877-3735

Total assets managed	$72,249,000,000
Tax-exempt assets managed:	
Total	$29,859,000,000
Fully discretionary	$4,432,000,000
Real estate assets managed	$5,595,000,000
International assets managed	$338,000,000
Tax-exempt clients	4,300
Types of accounts managed	CEFGJ
No. of portfolio managers	37
Size of research staff	420

Prudential Insurance Co.'s equity accounts cover a spectrum that includes large-capitalization growth, low P/E, small-capitalization and foreign stocks. The portfolios reflect a blending of top-down and bottom-up analysis.

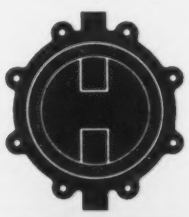
The fixed-income approach is based on active management that relies principally on risk control, sector swapping and interest-rate antici-

Core = 4 + more



Electronics. Sophisticated proprietary products in electrical and electronic technology including: Anilam electronic control systems and digital readouts for machine tools • GSE electronic weighing systems • Electronic transducers and related instrumentation • Amprobe electrical test equipment • Hilton tantalum capacitors

Farm Equipment. Specialized equipment for farm use: Feterl grain augers • Sunflower tandem discs • Du-Al front end loaders • Richardton hydraulic dump wagons • Air seeders • Cattle feeders • Spreaders



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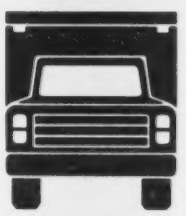

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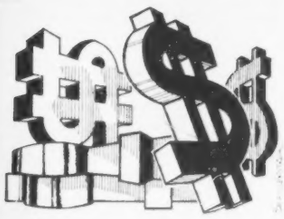

pation. Its passive styles include structured intermediate- or longer-term techniques and dedicated and immunized portfolios. Prudential also uses options and fixed-income futures.

As of Jan. 1, the asset mix was 15% stocks, 9% bonds, 5.5% cash, 18% equity real estate, 0.5% mortgages, and 52% general account assets, mostly bonds and mortgages.

Frank J. Hoenemeyer, vice chairman, is the chief investment officer; James H. Gately, vice president, is the client contact.

James Punderson & Co.

109 Central Ave., Island Heights, N.J. 08732; (201) 929-1485

Total assets managed	$14,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$2,000,000
Tax-exempt clients	11
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	2

James Punderson & Co. is a fixed-income manager. Its approach emphasizes special situation "junk" bonds.

The firm actively trades a diversified portfolio of high-yield, discount, low-rated corporate bonds, looking for a high probability of capital gain through fundamental improvement of the issuing company.

As of Jan. 1, the asset mix was 95% bonds and 5% cash.

James M. Punderson IV, president, is the chief investment officer; George A. Orsi, vice president, is the client contact.

The Putnam Advisory Co.

1 Post Office Square, Boston, Mass. 02109; (617) 292-1200

Total assets managed	$6,818,000,000
Tax-exempt assets managed:	
Total	$6,792,000,000
Fully discretionary	$6,792,000,000
International assets managed	$265,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	128
Types of accounts managed	CEFGJ
No. of portfolio managers	23
Size of research staff	21

The Putnam Advisory Co. uses an equity approach that considers earnings and dividend growth fundamental to the price of an equity security. Investing in companies with superior future earnings and dividend growth results in superior long-term performance.

Putnam uses a combination of interest-rate anticipation and sector analysis for its fixed-income accounts. Its approach emphasizes changing portfolio volatility by shifting maturity, sector weightings and quality based on continuing evaluation of economic and market conditions. The firm also manages quantitative, high-yield and special objectives.

Its asset mix consists of 68% stocks, 20% bonds, 7% cash and 5% international.

Charles E. Porter, executive vice president-equities; James E. Erickson, executive vice president-bonds; and Walter Oechsle, executive vice president-international are the chief investment officers. The client contact is John A.C. McMurtrie, executive vice president.

Pensions & Investment Age *regularly runs directories of interest to its readers. Among those scheduled for 1984 are the master trust listing, to be published May 28; international money managers, June 25; Canadian advisers, July 9; and cash management services, July 23.*

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QC-Investor Services Inc.

715 First Federal Plaza, Rochester, N.Y. 14614; (716) 454-5791

Total assets managed	$70,000,000
Tax-exempt assets managed:	
Total	$40,000,000
Fully discretionary	$40,000,000
Real estate assets managed	$3,500,000
Minimum separate account	$300,000
Tax-exempt clients	100
Types of accounts managed	CEF
No. of portfolio managers	3

QC-Investor Services Inc., a balanced manager, bases its equity approach on sector rotation. The firm's typical top-down approach leads it to various market sectors depending upon the economic outlook.

It also takes a top-down approach to fixed income, using interest rate anticipation and sector analysis.

As of Jan. 1, its asset mix was of 20% stocks, 60% bonds, 15% cash and 5% equity real estate.

Fred C. Gregory, president, is the chief investment officer.; Norman C. Hughes is client contact.

Quest Advisory Corp.

1414 Avenue of the Americas, New York, N.Y. 10019; (212) 486-1445

Total assets managed	$478,000,000
Tax-exempt assets managed:	
Total	$358,000,000
Fully discretionary	$358,000,000
Minimum separate account	$20,000,000
Types of accounts managed	CFG
No. of portfolio managers	2
Size of research staff	2

Quest Advisory Corp., an equity manager, uses Graham & Dodd analysis. It invests in small companies with less than $200 million market capital and has a bias favoring excess-cash-flow companies.

As of Jan. 1, the asset mix was 85% stocks and 15% cash.

Clients include the state of Oregon, Safeway, Aerospace and Xerox.

Charles M. Royce, president, is chief investment officer; Thomas R. Ebright, vice president, is client contact.

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Rainier National Bank

P.O. Box 3966, Seattle, Wash. 98124; (206) 621-4298

Total assets managed	$1,499,000,000
Tax-exempt assets managed:	
Total	$876,000,000
Fully discretionary	$876,000,000
Real estate assets managed	$23,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	717
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	5

Rainier National Bank, a balanced manager, bases its equity approach on sector rotation. It uses a combination of interest-rate anticipation and sector analysis for fixed-income.

Rainier's asset mix, as of Jan. 1, was 40% stocks, 26% bonds, 27% cash, 3% mortgages and 4% miscellaneous. The bank uses options.

John Baker, senior vice president and group manager-trust investments, is the chief investment officer; Ken Carlson, assistant vice president and manager-employee benefits, is the client contact.

Rampart Investment Management Co. Inc.

50 Federal St., Boston, Mass. 02110; (617) 423-1171

Total assets managed	$160,000,000
Tax-exempt assets managed:	
Total	$64,000,000
Fully discretionary	$64,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	11
Types of accounts managed	G
No. of portfolio managers	3
Size of research staff	2

Rampart Investment Management is an options manager that looks for a rate of return two to three times that available from T-bills in the overwriting equities areas. It also looks for incremental returns of 1% to 3% in the existing portfolio performance and, in buy-writes, returns of 13% to 16% with very low standard deviations.

As of Jan. 1, the asset mix was 40% cash, 40% overwriting and 20% buy-writes. Clients include Vermont State Teachers Employees and Marion Laboratories.

Ronald M. Egalka, president, is the chief investment officer; David R. Fraley is the client contact.

Ramsay & Ellsworth Inc.

800 Holly Sugar Building, Colorado Springs, Colo. 80903; (303) 473-6925

Total assets managed	$19,000,000
Tax-exempt assets managed:	
Total	$4,000,000
Fully discretionary	$4,000,000
Minimum separate account	$100,000
Tax-exempt clients	17
Types of accounts managed	CF
No. of portfolio managers	2

Ramsay & Ellsworth, a balanced manager, bases its equity strategy on growth stock. It uses fundamental analysis to select high-quality stocks with characteristics believed to benefit from forecast business conditions. The mix between equities and cash shifts during a four-year market cycle.

Its fixed-income strategy is based on interest rate anticipation. Ramsay & Ellsworth generally uses high-grade bonds with maturities not exceeding 10 years. It does not attempt to trade bond accounts.

As of Jan. 1, the asset mix was 67% stocks, 20% bonds and 13% cash.

D. Bruce Ellsworth, vice president, is chief investment officer; Robert H. Ramsay, president, is client contact.

Gerald L. Ray & Associates

5601 N. MacArthur, Suite 200, Irving, Texas 75062; (214) 630-9270

Total assets managed	$204,000,000
Tax-exempt assets managed:	
Total	$95,000,000
Fully discretionary	$95,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	31
Types of accounts managed	CF
No. of portfolio managers	2

Gerald L. Ray & Associates is an equity manager that stresses emerging intrinsic value, confirmed by an improving technical pattern.

Its fixed-income strategy is based on interest rate anticipation.

As of Jan. 1, the asset mix was 67% stocks, 22% bonds and 11% cash.

Clients include Zale Corp., Republic Gypsum Corp., Hagger, Chilton and Commercial Metal.

Gerald L. Ray, president, is chief investment officer; Mr. Ray and Jerry Sides, analyst, are client contacts.

W.H. Reaves & Co.

30 Montgomery St., Jersey City, N.J. 07302; (212) 422-1433 or (201) 332-4596

Total assets managed	$104,000,000
Tax-exempt assets managed:	
Total	$104,000,000
Fully discretionary	$104,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	14
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	5

W.H. Reaves, an equity manager, uses market timing in a fundamental value approach that is limited to common stocks in utility industries.

The company's asset mix, as of Jan. 1, was 91% stocks and 9% cash.

Allegheny International, Allegheny Ludlum Steel, Transco and Public Service Electric & Gas.

William H. Reaves, president, is chief investment officer and client contact.

Redwood Capital Management Inc.

131 E. Redwood St., Baltimore, Md. 21202; (301) 727-8080

Total assets managed	$470,000,000
Tax-exempt assets managed:	
Total	$454,000,000
Fully discretionary	$454,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	49
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Redwood Capital Management uses a quantitative model for avoiding risk and takes a top-down approach to analysis for identifying favorable industries and sectors.

Its bond management is approached from Redwood's interest rate outlook. High quality marketable issues are used. The firm employs options.

As of Jan. 1, the asset mix was 76% stocks, 9% bonds and 15% cash.

Clients include Fruehauf Corp., Harsco and Columbus & Southern Ohio Electric.

William J. Heffner, president, is chief investment officer and client contact.

Reich & Tang Inc.

100 Park Ave., New York, N.Y. 10017; (212) 370-1110

Total assets managed	$508,000,000
Tax-exempt assets managed:	
Total	$441,000,000
Fully discretionary	$439,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	27
Types of accounts managed	CEF
No. of portfolio managers	6

Reich & Tang is a bottom-up equity manager, looking for strong balance sheets, positive cash flow, high return on equity and an ability to grow.

As of Jan. 1, the asset mix was 84.7% stocks, 3.1% bonds and 12.2% cash. Clients include General Mills, Pfizer, R.J. Reynolds and Consolidated Foods.

Robert F. Hoerle, executive vice president, is the chief investment officer; Joseph H. Reich, president, is the client contact.

Reimer and Koger Associates Inc.

8500 W. 63rd St., Suite 105, Merriam, Kan. 66202; (913) 236-6700

Total assets managed	$732,000,000
Tax-exempt assets managed:	
Total	$636,000,000
Fully discretionary	$636,000,000
International assets managed	$20,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	50
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	1

Reimer and Koger Associates uses growth stock, emerging growth, sector rotation and market timing for its equity approach. The company describes its approach as an asset-mix selection followed by theme selection along economic shifts. A bottom-up issue selection is made from a list of 100 issues screened down from 8,000.

For its fixed-income approach, the company pinpoints a portfolio-duration target, and sector, quality and maturity are selected and blended to achieve duration and diversification.

Reimer and Koger uses options. The asset mix, as of Jan. 1, was 60% stocks, 30% bonds and 10% cash.

Clients include the state of Kansas, Gates Learjet Corp., the Omaha World-Herald and Kidde & Co.

Ronald C. Reimer, managing director, is chief investment officer; Thomas J. Bash, managing director, is client contact.

The Reiser Co.

7 Piedmont Center N.E., Atlanta, Ga. 30305; (404) 233-9341

Total assets managed	$17,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Minimum separate account	$500,000
Tax-exempt clients	9
Types of accounts managed	CE
No. of portfolio managers	2
Size of research staff	1

The Reiser Co.'s equity approach focuses on medium-sized growth companies with an emphasis on Southeastern companies.

Its fixed-income approach is based on interest rate anticipation. Reiser uses options.

As of Jan. 1, the asset mix was 54% stocks, 22% bonds, 23% cash and 1% options and venture capital.

Clients include Daniel International, Reinhardt College and John Wieland Homes.

Robert E. Reiser Jr., president, is the chief investment officer and the client contact.

Renaissance Investment Management Inc.

20 W. Ninth St., Cincinnati, Ohio 45202; (513) 579-9800

Total assets managed	$116,000,000
Tax-exempt assets managed:	
Total	$97,000,000
Fully discretionary	$59,300,000
Minimum separate account	$1,000,000
Tax-exempt clients	102
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	1

Renaissance Investment Management's equity approach is based on sector rotation. The firm puts primary emphasis on asset allocation based upon capital return time relative to bonds and cash equivalents.

Its fixed-income approach is also based on valuation relative to equities and capital return.

As of Jan. 1, the asset mix was 48% stocks, 44% bonds and 8% cash.

Clients include Pipe Fitters Local #392, Cincinnati Bell, Taft Broadcasting and the J.M. Smucker Co.

Frank W. Terrizzi, managing director, is the chief investment officer; S. William Miller, managing director, is the client contact.

Daniel H. Renberg & Associates Inc.

8383 Wilshire Blvd., Suite 926, Beverly Hills, Calif. 90211; (213) 852-0800

Total assets managed	$133,000,000
Tax-exempt assets managed:	
Total	$62,000,000
Fully discretionary	$62,000,000
Minimum separate account	$500,000
Tax-exempt clients	33
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	1

Daniel H. Renberg is an equity manager that follows a growth stock, emerging growth and low P/E approach.

As of Jan. 1, the asset mix was 90% stocks and 10% cash.

Clients include Armstrong, Hendler & Hirsch; Gibson, Dunn & Crutcher; and Milbank Mutual Insurance.

President Daniel H. Renberg is chief investment officer and client contact.

RepublicBank Trust/Dallas

P.O. Box 241, Dallas, Texas 75221; (214) 653-6506

Total assets managed	$6,300,000,000
Tax-exempt assets managed:	
Total	$3,512,000,000
Fully discretionary	$3,512,000,000
Master trust assets	$11,900,000,000
International assets managed	$9,000,000
Real estate assets managed	$46,814,000
Minimum separate account	$3,000,000
Tax-exempt clients	2,184
Types of accounts managed	CEFG
No. of portfolio managers	11
Size of research staff	6

RepublicBank Trust/Dallas seeks inefficiently priced growth potential stocks, using systematic research to identify companies with lower-than-market P/Es, lower-than-market prices to book value, and higher-than-market current yields.

The bank is an active trader within fixed-income market sectors to produce value added up to 200 basis points with a turnover ratio exceeding 200%. It describes itself as an arbitrager and utilizer of inefficiencies in the marketplace.

RepublicBank uses options.

As of Jan. 1, the asset mix was 47.3% stocks, 48% bonds, 2.5% cash, 1.5% equity real estate, and 0.7% mortgages.

Clients include American Airlines, Exxon, AT&T and Ford.

H. Edward Anderson, senior vice president and trust officer, is the chief investment officer; David J. Pittman, vice president and trust officer, is the client contact.

Republic National Bank of New York

452 Fifth Ave., New York, N.Y. 10018; (212) 930-6264

Total assets managed	$130,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	$65,000,000
International assets managed	$2,000,000
Minimum separate account	$500,000
Tax-exempt clients	45
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

Republic National Bank of New York invests in a carefully selected group of equity-oriented mutual funds that are diversified by specific investment styles.

For fixed income, the balanced manager invests in a cross-section of income-oriented mutual funds, selected on the basis of average quality and average maturity.

As of Jan. 1, the asset mix was 50% stocks, 35% bonds and 15% cash.

Michael D. Hirsch is vice president and chief investment officer; Rachel Levenberg, director of investment marketing, is the client contact.

Research Associates Management Corp.

950 Third Ave., New York, N.Y. 10022; (212) 308-9331

Total assets managed	$110,000,000
Tax-exempt assets managed:	
Total	$60,000,000
Fully discretionary	$60,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	45
Types of accounts managed	CEF
No. of portfolio managers	3

Research Associates Management uses a top-down approach for growth and value-oriented stocks, emphasizing asset allocation and sector rotation.

It uses interest rate anticipation, and favors Treasury notes of five to seven years' maturities.

As of Jan. 1, the firm's asset mix was 77% stocks, 12% bonds and 11% cash.

Alfred G. Parmelee, executive vice president, is the chief investment officer; John W. Mettler III, president, is the client contact.

Resource Bank & Trust

1350 First Bank Place West, Minneapolis, Minn. 55402; (612) 338-7881

Total assets managed	$340,000,000
Tax-exempt assets managed:	
Total	$75,000,000
Fully discretionary	$75,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	55
Types of accounts managed	CFJ
No. of portfolio managers	4
Size of research staff	4

Resource Bank & Trust adheres to the basic principles of fundamental value, flexibility, contrary opinion and a sell discipline in its equity approach.

The company uses a passive fixed-income approach; maturities range from one-to-five years in high-quality securities.

As of Jan. 1, the asset mix was 70% stocks, 5% bonds and 25% cash.

Clients include Ohio Carpenters Union, Weight Watchers of Minnesota, Gould and Road Machinery.

Ted D. Kellner, executive vice president, is the chief investment officer; Cliff F. Traff Jr., director of marketing, is the client contact.

Riggs National Bank of Washington

P.O. Box 1149, 1120 Vermont Ave., N.W., Washington D.C. 20013; (202) 835-6787

Total assets managed	$1,800,000,000
Tax-exempt assets managed:	
Total	$683,000,000
Fully discretionary	$683,000,000
Master trust assets	$375,000,000
Real estate assets managed	$85,000,000
Tax-exempt clients	325
Types of accounts managed	CEFG
No. of portfolio managers	8
Size of research staff	3

Riggs National Bank of Washington, a balanced manager, incorporates stock rotation into its equity approach. The bank considers itself a bond strategist.

Charles S. Plumb, senior vice president, is the chief investment officer and the client contact.

Roanoke Asset Management

745 Fifth Ave., Suite 1506, New York, N.Y. 10151; (212) 759-9097

Total assets managed	$240,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$185,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	27
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	1

Roanoke Asset Management focuses its stock selection on companies undergoing a positive fundamental change, whether it be the result of new products, new management or industrywide phenomenon. Roanoke also picks stocks for which it projects earnings higher than consensus estimates.

As of Jan. 1, the asset mix was 80% stocks and 20% cash.

Clients include Florida Power & Light, Philip Morris, Burlington Industries and Corning Glass Works.

Edwin G. Vroom, president, is the chief investment officer; Martin W. Lynn, vice president, is the client contact.

Robshaw & Cheskin Associates Inc.

69 Delaware Ave., Suite 1201, Buffalo, N.Y. 14042; (716) 845-5050

Total assets managed	$35,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$25,000,000
Minimum separate account	$500,000
Tax-exempt clients	25
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	2

Robshaw & Cheskin Associates bases its equity approach on growth and emerging growth stocks as well as Graham & Dodd analysis. Its equity strategy emphasizes a fundamental search for value among investment choices. The objective is to discover investment opportunities that offer superior long-term appreciation potential.

The fixed-income approach is based on an analysis of sectors, ratings and maturites. The strategy is constructed by using the yield curve and anticipating shifts in the curve.

As of Jan. 1, the asset mix was 60% stocks, 30% bonds and 10% cash.

Stephen R. Robshaw, president, is the chief investment officer; Alan E. Cheskin, vice president, is the client contact.

Roley, Nichols & Co.

10960 Wilshire Blvd., 9th Floor, Los Angeles, Calif. 90024; (213) 477-6543

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$280,000,000
Fully discretionary	$280,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	412
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	5

Roley, Nichols' basic equity style uses sector rotation of lower P/E stocks listed on the NYSE and AMEX. Portfolios seek capital appreciation.

As of Jan. 1, the asset mix was 85% stock, 5% bonds and 10% cash.

An affiliate, RNC Capital Management, handles smaller pension fund clients.

Clients include GTE, Ducommun, the American Institute of Architects and Early California Industries.

Thomas L. Roley, chairman of the board, is the chief investment officer; Robert W. Nichols, president, is the client contact.

Rollert & Sullivan Inc.

470 Atlantic Ave., Boston, Mass. 02210; (617) 542-0601

Total assets managed	$660,000,000
Tax-exempt assets managed:	
Total	$660,000,000
Fully discretionary	$660,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	40
Types of accounts managed	CEFGJ
No. of portfolio managers	8

Rollert & Sullivan uses a sector

Don't just buy the Land of Opportunity. Buy the opportunities of the Land.

Most real estate funds use the shotgun approach to real estate.

By spreading their dollars over "Real Estate America" they usually end up with performance no better than a representative "index" of the total U.S. real estate market.

Chemical Bank's open-end commingled Real Estate Equities Fund has a different approach: An opportunistic investment approach.

Buying opportunities.
Pinpointing the opportunities in the marketplace is the key.

The opportunities used to be in the middle market cities like Nashville, Cincinnati, Virginia Beach, Boca Raton and San Antonio.

Now, we see a shift toward the major regional centers such as Boston, Philadelphia, Denver, Minneapolis/St. Paul, and St. Louis.

Financing opportunities.
We believe how an investment is structured is as important as the investment itself.

Our investment vehicles are therefore tailored to each acquisition and include all-equity, equity-oriented debt, and leveraged equity financing.

We are the only fund of its kind using all three of these options. This versatility results in a portfolio with higher return expectations and less volatility.

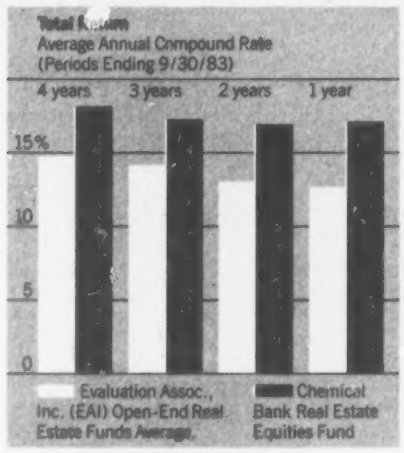
Selling opportunities.
Chemical believes in a strong divestiture-based acquisition approach.

In fact, a potential sales plan is often mapped out as early as the time of purchase.

And because we have anticipated a potential sale well in advance, we are able to move quickly when the most opportune time comes.

Diversification and income opportunities.
How we diversify and therefore manage our risk is as unique as our investment approach. Rather than diversity on a simple geographic basis, as do most large funds, we diversify by economic basis.

And, to further reduce risk and increase income opportunities, every purchase is structured with an emphasis on high current income rather than just projected appreciation.



Chemical Bank's Real Estate Equities Fund performed 330 basis points better than the EAI average over the past 4 years, 440 basis points better over the past year.

An opportunity for you.
Chemical's opportunistic investment approach, combined with a program of strategic risk management, translates into performance.

We have a 4-year average total return that puts us in the top 25% of all open-end funds: A significant 330 basis points over the EAI average.

And last year we did even better: 440 basis points over the EAI average.

For more information, including our Annual Report, call or write: Anne G. Shean, Vice President, Chemical Bank Real Estate Equities Fund, Dept. 12, 277 Park Avenue, New York, NY 10172. (212) 310-6212. Call collect if out of town.

CHEMICALBANK
Real Estate Equities Fund

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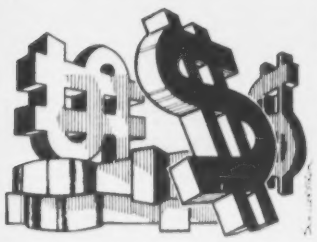


strategy that it defines as a group of stocks having similar fundamentals and being driven by the same forces, but not necessarily in the same industry. Its fixed-income strategy is oriented primarily to U.S. Treasury issues with shorter maturities to limit investment to market risk only and not subject principal to credit risk.

As of Jan. 1, the asset mix was 77% stocks, 16% bonds and 7% cash.

Clients include International Paper Co., Ford Motor Co., University of Missouri and the North Dakota Teacher's Fund for Retirement.

Gordon J. Rollert, president, is the chief investment officer; Jackson W. Goss, executive vice president, is the client contact.

Edward C. Rorer & Co.

1800 2 Girard Plaza, Philadelphia, Pa. 19102; (215) 568-2126

Total assets managed	$46,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Minimum separate account	$250,000
Tax-exempt clients	11
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	1

Edward C. Rorer & Co. takes a relative-value approach to participation in fixed-income vs. equity markets and to the selection of specific equities. The equity valuation analysis might result in selection of growth and low P/E stocks.

Fixed-income exposure is based upon current value relative to equities and the firm's forecast of interest rate trends. Options are used.

As of Jan. 1, the asset mix was 40% stocks, 50% bonds and 10% cash.

President Edward C. Rorer is chief investment officer and client contact.

Rosenberg Capital Management

4 Embarcadero Center, Suite 2900, San Francisco, Calif. 94111; (415) 954-5474

Total assets managed	$4,862,000,000
Tax-exempt assets managed:	
Total	$4,540,000,000
Fully discretionary	$4,540,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	79
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	9

Rosenberg Capital, principally a balanced manager, bases its equity approach on growth stocks. For fixed income, the company anticipates interest rate changes.

Options, stock index futures and fixed-income futures are used in the Rosenberg's strategies.

As of Jan.1, the asset mix was 61% stock, 14% bonds, 17% cash and 8% mortgages. Clients include Johnson & Johnson, Boeing, Standard Oil of California and Eli Lilly.

Claude N. Rosenberg Jr., senior partner, is the chief investment officer and the client contact.

The Rothschild Co.

32 South St., Baltimore, Md. 21202; (301) 539-4660

Total assets managed	$630,000,000
Tax-exempt assets managed:	
Total	$400,000,000
Fully discretionary	$400,000,000
International assets managed	$10,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	100
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

The Rothschild Co. bases its equity approach on emerging growth and low P/E stocks; its fixed-income approach is based on interest-rate anticipation.

The asset mix, as of Jan. 1, was 35% stocks, 25% cash and 40% convertible securities.

Clients are Johns Hopkins Applied Physics Lab, the National Auto Dealers Association, the Association of Jewish Charities and Alton Jones Foundation.

Stanford Z. Rothschild Jr. is chief investment officer and client contact.

Rothschild Asset Management Inc.

1 Rockefeller Plaza, New York, N.Y. 10020; (212) 757-6000

Total assets managed	$509,000,0009
Tax-exempt assets managed:	
Total	$365,000,000
Fully discretionary	$365,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	35
Types of accounts managed	CEF
No. of portfolio managers	7
Size of research staff	1

Rothschild Asset Management uses sector rotation in its equity approach, and interest rate anticipation in fixed income. The firm also uses options.

The tax-exempt asset mix, as of Jan. 1, was 80% stocks, 14% bonds and 6% cash.

Madelon DeVoe Talley is president and chief investment officer; Carl A. Bafaro, senior vice president, is the client contact.

L.F. Rothschild Asset Management

55 Water St., New York, N.Y. 10041; (212) 425-3300

Total assets managed	$1,684,000,000
Tax-exempt assets managed:	
Total	$1,684,000,000
Fully discretionary	$1,684,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	35
Types of accounts managed	CGJ
No. of portfolio managers	6
Size of research staff	54

L.F. Rothschild Asset Management uses fundamental research to identify areas of the economy suitable for sector concentration. It then employs a bottom-up approach to select stocks that will offer the greatest potential during the next 12 to 18 months. Growth stocks are emphasized.

The firm has a conservative fixed-income management style based on interest rate anticipation. It regards bonds of similiar credit quality and maturity as virtually interchangeable so far as investment considerations are concerned.

The firm uses L.F. Rothschild , Untergberg, Towbin's research department.

L.F. Rothschild Asset Management uses options.

As of Jan. 1, the asset mix was 61% stocks, 28% bonds and 11% cash.

Clients include New York State Common Retirement Fund, TRW Collective Trust and the Sheet Metal Workers National Pension Fund.

Daniel S. Kampel, administrative managing director, is the chief investment officer; Donald R. Hill, vice president-marketing and client services, is the client contact.

Rothschild Securities Corp.

135 S. LaSalle St., Chicago, Ill. 60603; (312) 781-8950

Total assets managed	$82,000,000
Tax-exempt assets managed:	
Total	$51,000,000
Fully discretionary	$51,000,000
Minimum separate account	$350,000
Tax-exempt clients	76
Types of accounts managed	CEF
No. of portfolio managers	5
Size of research staff	32

Rothschild Securities attempts to identify high-growth industries and select the relatively most attractive companies within these industries. It follows a small universe of securities.

For fixed income, the firm structures a short- to intermediate-term laddered maturity portfolio comprising investment-grade companies. It diversifies by industry, company and sector, and varies special features.

Options are used.

As of Jan. 1, its asset mix was 58% stocks, 36% bonds and 6% cash.

Clients include Wayland Academy, Excelsior Steel Furnace and Blitz Body Corp.

President Richard F. Karger is chief investment officer and client contact.

The RREEF Funds

650 California St., San Francisco, Calif. 94108; (415) 781-3300

Total assets managed	$2,300,000,000
Tax-exempt assets managed:	
Total	$2,300,000,000
Fully discretionary	$2,300,000,000
Real estate assets managed	$1,600,000,000
Tax-exempt clients	69
Types of accounts managed	CGJ

The RREEF Funds' portfolio is entirely invested in equity real estate. The manager has $2.3 billion in tax-exempt assets committed, but $1.6 billion actually invested.

Clients include AT&T, IBM, PG&E and state of Washington. Paul Sack, principal, is client contact.

Rubottom, Dudash & Associates Inc.

4120 E. 51st St., Tulsa, Okla. 74135; (918) 742-3031

Total assets managed	$60,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	0
Minimum separate account	$100,000
Tax-exempt clients	16
Types of accounts managed	C
No. of portfolio managers	2

Rubottom, Dudash & Associates uses Graham & Dodd analysis in its equity approach. The portfolios are structured to reflect the firm's economic forecasts and the relationships to investment values.

The firm uses interest-rate anticipation for its fixed-income approach, which also involves projections of the economy and the demand/supply of fund relationships. As of Jan. 1, its assets were 21% stock, 62% bonds, 10% cash, 1% equity real estate, 4% mortgages and 2% oil properties.

David J. Rubottom, president, is chief investment officer; A.L. Hitch is client contact.

Frank Russell Investment Management Co.

P.O.Box 1591, Tacoma, Wash. 98401; (206) 627-7001

Total assets managed	$1,126,000,000
Tax-exempt assets managed:	
Total	$1,126,000,000
Fully discretionary	$1,126,000,000
International assets managed	$17,000,000
Tax-exempt clients	36
Types of accounts managed	CEFG

Frank Russell Investment Management provides three equity funds, two fixed-income funds, one international fund and one money market fund that can be used in various combinations. All funds use a multistyle, multimanager approach.

The funds use 25 outside money management organizations.

As of Jan. 1, the approximate asset mix was 73% stocks, 13% bonds, 12% cash and 0.2% international.

Clients include Union Trust, Peoples National Bank, American Bar Endowment and the Hilton Foundation.

Thomas A. Bowman, vice president-investments, is the chief investment officer; J. Anthony Whatley, senior vice president-client services, is the client contact.

Frank Russell Trust Co.

1912 First Interstate Plaza, Tacoma, Wash. 98402; (206) 572-2282

Total assets managed	$1,131,000,000
Tax-exempt assets managed:	
Total	$1,131,000,000
Fully discretionary	$1,131,000,000
International assets managed	$53,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	89
Types of accounts managed	CG

Through three equity commingled funds, Frank Russell Trust Co. uses a multistyle, multimanager investment concept for equities.

It also uses the multistyle, multimanager concept for a commingled fixed-income fund.

As of Jan. 1, the asset mix was 75% stocks, 22% bonds and 3% cash.

Clients include Anheuser-Busch, Chesebrough-Pond's, Esmark and General Dynamics.

David A. Anderson, senior vice president, is the chief investment officer; Richard A. Lothrop, vice chairman, is the client contact.

S

Ronald Sadoff Associates

6971 N. Beech Tree Road, Milwaukee, Wis. 53209; (414) 352-8460

Total assets managed	$35,000,000
Tax-exempt assets managed:	
Total	$29,000,000
Fully discretionary	$29,000,000
Minimum separate account	$100,000
Tax-exempt clients	65
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	1

Ronald Sadoff Associates uses a low-risk/high-potential top-down approach for equities, focusing upon leading industries and companies emerging from long-term downtrends with value and growth potential.

For fixed income, it uses a top-down approach plus interest rate anticipation and credit analysis.

Ronald B. Sadoff is the chief investment officer and the client contact.

SAFECO Asset Management

SAFECO Plaza T-14, Seattle, Wash. 98185; (206) 545-5727

Total assets managed	$351,000,000
Tax-exempt assets managed:	
Total	$152,000,000
Fully discretionary	$152,000,000
Tax-exempt clients	7
Types of accounts managed	CFJ
No. of portfolio managers	4
Size of research staff	8

SAFECO, a balanced manager, uses Graham & Dodd analysis for equities. The firm uses options.

As of Jan. 1, the asset mix was 52% stocks, 35% bonds and 13% cash.

Eugene D. Holen, vice president, is the chief investment officer and the client contact.

Fayez Sarofim & Co.

2 Houston Center, #2907, Houston, Texas 77010; (713) 654-4484

Total assets managed	$8,563,000,000
Tax-exempt assets managed:	
Total	$7,660,000,000
Fully discretionary	$7,296,000,000
Real estate assets managed	$49,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	191
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	3

Fayez Sarofim & Co.'s balanced approach to equities focuses on both value and growth to produce return from appreciation and income. Fundamental economic and company analysis are the foundation of a top-down, flexible process with current emphasis on larger-capitalization companies with highly predictable earnings growth.

Its fixed-income approach uses active management based on effective assessment of future economic conditions and interest rates, timely credit analysis, and systematic translation of strategy into immediate action, with focus on quality and marketability.

Its asset mix is 78.2% stocks, 16.7% bonds and 5.1% cash.

Fayez Sarofim, chairman of the board and president, is chief investment officer; William K. McGee Jr., senior vice president, is client contact.

M.D. Sass Investors Services

475 Park Ave. South, New York, N.Y. 10016; (212) 532-6010

Total assets managed	$1,348,000,000
Tax-exempt assets managed:	
Total	$1,128,000,000
Fully discretionary	$1,128,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	95
Types of accounts managed	CEFGJ
No. of portfolio managers	8

M.D. Sass Investors Services' equity investment approach emphasizes superior, risk-adjusted returns through opportunistic sector rotation and the purchase of hidden strength stocks that have positive, tangible factors unrecognized or misperceived by the investment community.

Its fixed-income approach uses debt options and futures to reduce interest rate risk. The firm puts special emphasis on principal amortizing securities such as GNMA mortgages and SBAs.

The firm uses options, stock index futures and fixed-income futures in select accounts.

Its asset mix is 49% stocks, 34% bonds and 17% cash.

Clients include Keebler Co., Coulter Electronics Inc., Brooklyn Union Gas Co. and the Equity League Pension Trust.

Martin D. Sass, president, is chief investment officer; Thomas J. Mackell Jr., senior vice president, is client contact.

SBC Portfolio Management International Inc.

1 World Trade Center, Suite 9051, New York, N.Y. 10048; (212) 938-7455

Total assets managed	$17,000,000
Tax-exempt assets managed:	
Total	$3,000,000
Fully discretionary	$3,000,000
international assets managed	$3,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	6
Size of research staff	56

SBC Portfolio Management International, a wholly owned affiliate of Swiss Bank Corp. Group, is solely an international manager. The firm uses a global, top-down approach for equities. The emphasis is on country and currency selection; currency hedging devices are used. Stock selection focuses on growth and value considerations.

As of Jan. 1, the tax-exempt asset mix was 94% stocks and 6% cash.

Peter J. Morant, associate director, is the client contact.

Schabacker Investment Management

8943 Shady Grove Court, Gaithersburg, Md. 20877; (301) 840-0301

Total assets managed	$23,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$12,000,000
International assets managed	$1,200,000
Minimum separate account	$100,000
Tax-exempt clients	113
Types of accounts managed	CJ
No. of portfolio managers	1
Size of research staff	1

Schabacker Investment Management's equity portfolios are formula-timed between risky equities and money market funds. Sector analysis reveals those industries with greater relative potential; mutual funds specializing in favored sectors are then chosen.

As of Jan. 1, the tax-exempt asset mix was 50% stocks and 50% cash.

Clients include Mechanical Contractors Association of America, Three Beall Bros., Mission Control and Morgantown Orthopaedics.

James M. Schabacker, president, is the chief investment officer; C. Alexander Schmidt, portfolio manager, is the client contact.

Schafer Capital Management

645 Fifth Ave., New York, N.Y. 10022; (212) 644-1800

Total assets managed	$800,000,000
Tax-exempt assets managed:	
Total	$800,000,000
Fully discretionary	$800,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	6
Types of accounts managed	CG
No. of portfolio managers	3

Schafer Capital Management, an equity manager, uses low P/E stocks with above-average earnings growth prospects and large market capitalizations.

As of Jan. 1, the asset mix was 98% stocks and 2% cash.

Clients include Inco, GTE and Xerox.

David Schafer is the chief investment officer and the client contact.

Schroder Capital Management

1 State St., New York, N.Y. 10004; (212) 269-6500

Total assets managed	$1,400,000,000
Tax-exempt assets managed:	
Total	$896,000,000
Fully discretionary	$896,000,0000
International assets managed	$330,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	103
Types of accounts managed	CEFGJ
No. of portfolio managers	14
Size of research staff	6

Schroder Capital Management concentrates on small to midsized companies with positive fundamentals. It seeks earnings acceleration and low institutional ownership. Its valuation system ranks stocks considering current price vs. earnings outlook.

The firm is an active bond manager stressing interest rate anticipation and sector arbitrage. Proprietary credit research allows it to own strong issues with good prospects for rating upgrades.

As of Jan. 1, the asset mix was 58% stocks, 28% bonds and 14% cash.

Clients include ASARCO, Girl Scouts of America, Curtiss Wright and General Motors.

James R. Hocking, chairman, is the chief investment officer; M. Hal Davidson, first vice president, is the client contact.

Schroder Real Estate Corp.

1 State St., New York, N.Y. 10004; (212) 269-6500

Total assets managed	$800,000,000
Tax-exempt assets managed:	
Total	$550,000,000
Real estate assets managed	$550,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	65
Types of accounts managed	CG

Schroder Real Estate Corp. deals solely in real estate management. As of Jan. 1, its tax-exempt assets were invested 100% in equity real estate.

Clients include North American Property Unit Trust and PosTel Investment Management Ltd.

Charles Grossman, president, is the chief investment officer and the client contact.

Schupf, Woltman & Co. Inc.

P.O. Box 179, Hamilton, N.Y. 13346; (315) 824-1333

Total assets managed	$75,000,000
Tax-exempt assets managed:	
Total	$60,000,000
Fully discretionary	$60,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	8
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	2

Schupf, Woltman & Co. Inc.'s equity portfolios are managed with emphasis on disciplined research and fundamental analysis characterized by contact with industry sources, company management and analysts. Portfolios are highly concentrated, with a core of 10 to 15 equity positions.

Its fixed-income approach is passive.

Its asset mix is 97% stocks, 1.5% bonds and 1.5% cash.

Clients include Agway Inc., Brentwood Associates, Crouse-Irving Memorial Hospital and Niagara Mohawk Power Corp.

Paul J. Schupf, president, is chief investment officer; Lee Woltman, vice president, is client contact.

Scott & Stringfellow Investment Advisory Service

909 E. Main St., Richmond, Va. 23219; (804) 643-1811

Total assets managed	$46,000,000
Tax-exempt assets managed:	
Total	$13,000,000
Fully discretionary	$9,000,000
Minimum separate account	$300,000
Tax-exempt clients	15
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	2

Scott & Stringfellow uses growth stocks and sector rotation for equities. It bases its fixed-income approach on interest rate anticipation, with a short- to intermediate-term maturity orientation.

As of Jan. 1, the tax-exempt asset mix was 60% stocks, 30% bonds and 10% cash.

Randolph B. Cardozo, vice president, is the chief investment officer; Charles K. Fox, director, is the client contact.

Scudder Realty Advisors

333 S. Hope St., 37th Floor, Los Angeles, Calif. 90071; (213) 628-1144

Total assets managed	$500,000,000
Tax-exempt assets managed:	
Total	$500,000,000
Fully discretionary	$100,000,000
Real estate assets managed	$500,000,000
Minimum separate account	$150,000,000
Tax-exempt clients	15
Types of accounts managed	CG
No. of portfolio managers	4

Scudder Realty Advisors Inc. is solely a real estate manager. It makes its investments through equity ownership, mortgages and participating hybrid instruments.

As of Jan. 1, the tax-exempt asset mix was 10% equity real estate and 90% mortgages.

Christopher B. Davis, vice president, is the chief investment officer; Candace Thorson, assistant vice president, and Diane Ward, assistant vice president, are the client contacts.

Scudder, Stevens & Clark

345 Park Ave., New York, N.Y. 10154; (212) 350-8200

Total assets managed	$12,371,000,000
Tax-exempt assets managed:	
Total	$6,927,000,000
Fully discretionary	$6,927,000,000
Real estate assets managed	$70,400,000
International assets managed	$92,200,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	111
Size of research staff	45

Scudder, Stevens & Clark uses thorough, independent research to identify companies that participate in the process of wealth creation and experience sustained growth of earnings or assets.

The bond investment process relies on original research and close interaction between managers and the market. Interest rate projections and the opportunity/risk in market sectors and issues are crucial.

The firm uses options.

As of Jan. 1, the asset mix was 29.7% stocks, 57% bonds, 12.3% cash and 1% real estate.

George S. Johnston, president and chief executive officer, is the chief investment officer; Emily L. Smith, assistant vice president-marketing, is client contact.

Seafirst Bank

P.O. Box 3586, Seattle, Wash. 98124; (206) 583-7971

Total assets managed	$2,135,000,000
Tax-exempt assets managed:	
Total	$784,000,000
Fully discretionary	$784,000,000
Master trust assets	$80,000,000
Real estate assets managed	$74,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFJ
No. of portfolio managers	8
Size of research staff	8

Seafirst Bank's sector rotation approach to equity investments is based on economic themes. Fixed-income portfolio duration is based on analysis of credit cycle and real return potential.

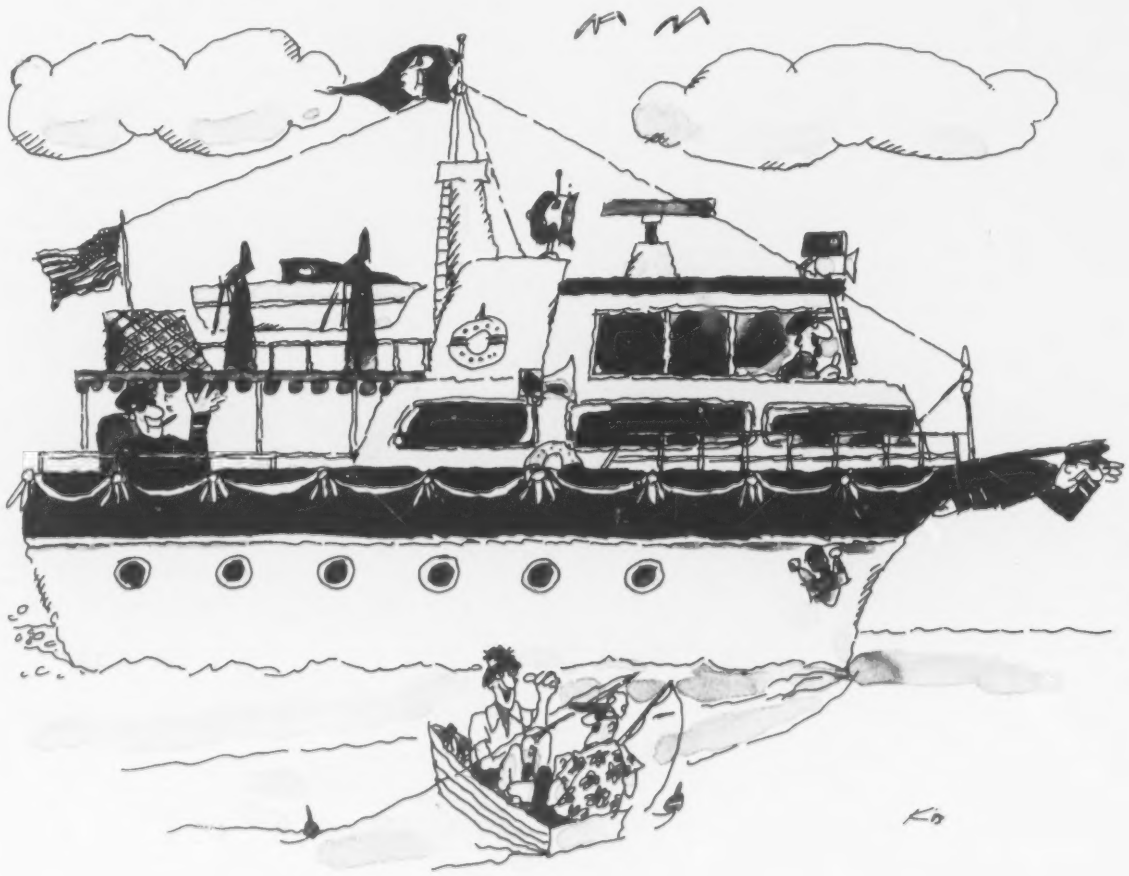
As of Jan. 1, the tax-exempt asset mix was 32% stocks, 37% bonds, 21% cash, 1% equity real estate, 2% mortgages and 7% other investments.

John Privat, vice president, is the chief investment officer; Deane Nelson, vice president, is the client contact.

Seagate Capital Management

Suite 1401, 245 Summit St., Toledo, Ohio 43603; (419) 259-8169

Total assets managed	$72,000,000
Tax-exempt assets managed:	
Total	$63,000,000
Fully discretionary	$63,000,000
Minimum separate account	$500,000



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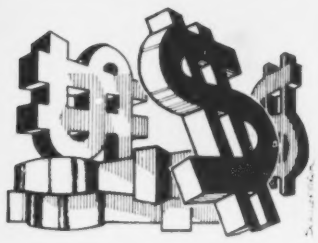


Tax-exempt clients	9
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

Seagate Capital Management's valuation models compare relative corporate asset profitability against market price of the assets to generate fundamental timing disciplines. Technical analysis is used in timing purchases and sales of equities.

For fixed-income, 15-year maximum maturities and investment-grade credits are emphasized in declining phases of interest rates. Short-maturity and U.S. government issues are emphasized in rising phases.

As of Jan. 1, the tax-exempt asset mix was 56% stocks, 29% bonds and 15% cash.

Clients include Toledo Museum of Arts Endowment Fund, Toledo Trust Retirement Plan, Toledo Hospital Retirement Plan and Toledo Hospital Endowment Fund.

J. Robert Walker, senior vice president, is the chief investment officer; Mary Swentkofske, president, is the client contact.

Seattle Trust & Savings Bank

821 Second Ave., Seattle, Wash. 98104; (206) 223-2141

Total assets managed	$184,000,000
Tax-exempt assets managed:	
Total	$90,000,000
Fully discretionary	$85,000,000
Real estate assets managed	$3,400,000
Minimum separate account	$250,000
Tax-exempt clients	185
Types of accounts managed	CEFJ
No. of portfolio managers	3

Seattle Trust & Savings combines fundamental business cycle analysis with active equity management of low P/E stocks with accelerating earnings. It has above-average turnover.

Its fixed-income approach uses laddered maturities or interest rate anticipation depending on client preference.

As of Jan. 1, the tax-exempt asset mix was 30% stocks, 38% bonds, 28% cash, 3% equity real estate and 1% miscellaneous.

Anthony Fieldhouse is vice president and chief investment officer; S.J. Bostwick, assistant vice president, is the client contact.

Second National Bank of Warren

108 Main St. S.W., Warren, Ohio 44481; (216) 841-0232

Total assets managed	$236,000,000
Tax-exempt assets managed:	
Total	$130,000,000
Fully discretionary	$120,000,000
Minimum separate account	$150,000
Tax-exempt clients	125
Types of accounts managed	CEFGJ
No. of portfolio managers	1
Size of research staff	1

Second National Bank of Warren emphasizes growth and value oriented stocks enhanced by market timing.

For fixed-income, investments are managed aggressively through interest rate anticipation and sector swapping. The bank uses options.

As of Jan. 1, the tax-exempt asset mix was 55% stocks, 40% bonds and 5% cash.

Clients include Wean United, Warren Tool, Wean Foundation and Denman Rubber.

Robert C. Fenwick Jr., vice president-investments, is the chief investment officer; James R. Donaldson, vice president, is the client contact.

Securities Counsel Inc.

408 Wildwood Ave., Jackson, Mich. 49201; (517) 784-7128

Total assets managed	$460,000,000
Tax-exempt assets managed:	
Total	$340,000,000
Fully discretionary	$21,000,000
Real estate assets managed	$55,000,000
Minimum separate account	$200,000
Tax-exempt clients	80
Types of accounts managed	CFG
No. of portfolio managers	7

Securities Counsel uses sector rotation as its equity approach. It attempts to identify industry leaders and emerging issues from industry groups within attractive economic sectors. For fixed-income, the firm identifies attractive industry groups within economic sectors and uses interest rate anticipation to invest in high-grade, liquid securities.

As of Jan. 1, the tax-exempt asset mix was 50% stocks, 20% bonds, 4% cash, 1% equity real estate and 25% mortgages.

Clients include the Flint Employees Retirement System and the Jackson Employees Retirement System.

Keith A. Greene, managing director, is the chief investment officer and the client contact.

Securities Counselors of Iowa Inc.

P.O. Box 1326, Cedar Rapids, Iowa 52406; (319) 366-7801

Total assets managed	$105,000,000
Tax-exempt assets managed:	
Total	$60,000,000
Fully discretionary	$60,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	100
Types of accounts managed	CEF
No. of portfolio managers	5
Size of research staff	4

Securities Counselors of Iowa invests in companies that have strong balance sheets with stocks that are undervalued with high yields and low multiples to minimize volatility.

Bonds are used primarily when interest rate trends provide a total return greater than stocks and to minimize volatility.

As of Jan. 1, the tax-exempt asset mix was 85% stocks, 12% bonds and 3% cash. Clients include All Work Inc., Chicago Motor Club, Comdisco Inc. and Metraflex.

John N. Knapp, chairman of the board, is the chief investment officer; Myron R. Holman, managing director, is the client contact.

Security Funding Corp.

P.O. Box 15606, Salt Lake City, Utah 84115; (801) 268-0422

Total assets managed	$21,000,000
Tax-exempt assets managed:	
Total	$14,000,000
Fully discretionary	$14,000,000
Minimum separate account	$20,000
Types of accounts managed	CJ
No. of portfolio managers	3

Security Funding Corp. bases its equity approach on a market timing model that has been used successfully for 10 years. The firm moves assets between money market funds and growth-oriented no-load mutual funds.

For fixed income, assets are moved into money market funds to preserve clients' capital in down or bear markets. Treasury bills are used as collateral for spreads between different stock index future contracts.

As of Jan. 1, the approximate asset mix was 35% equity mutual funds, 10% cash, 15% Treasury bills and 40% money market funds.

Neil P. Christenson, president, is the chief investment officer and the client contact.

Security Pacific Investment Managers Inc.

333 S. Hope St., Los Angeles, Calif. 90071; (213) 613-6161

Total assets managed	$3,600,000,000
Tax-exempt assets managed:	
Total	$3,400,000,000
Fully discretionary	$874,000,000
Real estate assets managed	$47,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	38
Types of accounts managed	CFGJ
No. of portfolio managers	9
Size of research staff	5

Security Pacific Investment Managers uses sector rotation for equity investments and interest rate anticipation for fixed income.

As of Jan. 1, the tax-exempt asset mix was 26.9% stocks, 50.6% bonds, 20.9% cash, 1.4% mortgages and 0.2% oil and gas.

The firm uses options and fixed-income futures.

Clients include Getty Oil, Rockwell, Greyhound and Boeing.

Lloyd McAdams, chairman of the board and president, is the chief investment officer; Heather U. Baines, senior vice president, is the client contact.

Security Trust Co.

1 East Ave., Rochester, N.Y. 14638; (716) 546-9129

Total assets managed	$988,000,000
Tax-exempt assets managed:	
Total	$353,000,000
Fully discretionary	$353,000,000
Directed trust assets	$13,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	80
Types of accounts managed	CEFJ
No. of portfolio managers	10

Security Trust follows a value-oriented contrarian equity approach to identify stocks with prices significantly less than their intrinsic worth. For fixed income, the manager compares a bond's current yield to the anticipated rate of inflation. Its guidelines call for income to exceed the inflation rate by 4% or more.

The firm uses options.

As of Jan. 1, the asset mix was 60% stocks, 35% bonds and 5% cash.

Clients include Rochester Gas & Electric, Sybron, Colt and Hartmarx.

T.C. Lewis, vice president and manager-investment department, is the chief investment officer; Louis H. Bloom, vice president, is the client contact.

Alan G. Seidner

597 E. Green St., Pasadena, Calif. 91101; (213) 681-1024

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$68,000,000
Minimum separate account	$3,000,000
Types of accounts managed	CEFG
No. of portfolio managers	2
Size of research staff	2

Alan G. Seidner uses yield curve analysis and instrument yield spread variations in an active management program to optimize yields.

As of Jan. 1, the tax-exempt asset mix was 100% bonds.

Clients include First Trust Bank, Presbyterian Intercommunity Hospital, Public Service Co. of New Mexico and University of California at Los Angeles.

Alan G. Seidner, senior portfolio manager, is the chief investment officer and the client contact.

J. & W. Seligman & Co.

1 Bankers Trust Plaza, New York, N.Y. 10006; (212) 488-0200

Total assets managed	$1,675,000,000
Tax-exempt assets managed:	
Total	$1,165,000,000
Fully discretionary	$1,045,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	78
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	11

J. & W. Seligman, invests in medium-sized companies for capital appreciation. Companies must have strong fundamentals including sales, cash flow, earnings growth and balance sheet.

Fixed income is managed conservatively with emphasis on consistently positive rates of returns. Virtually no credit risk is taken and average maturities are in the short-to-intermediate range.

As of Jan. 1, the asset mix was 74% stocks, 20% bonds and 6% cash.

Clients include Control Data, New York State Employees Retirement System, the University of Oklahoma and the Teamsters Local #553.

John D. Lynch, executive vice president, is the chief investment officer; Ernest A. Remig, president of J. & W. Seligman & Co. Marketing Inc., is the client contact.

Look for the directory of master trust firms set for May 28.

Shawmut Banks

1 Federal St., Boston, Mass. 02211; (617) 229-3847

Total assets managed	$2,700,000,000
Tax-exempt assets managed:	
Total	$1,210,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	8

The equity investment strategy of Shawmut reflects economic expectations, including sector, industry and company earnings and dividend projects; it is consistent with fixed-income and cash-reserve risks and return expectations.

The balanced manager's fixed-income strategy anticipates the direction and amplitude of interest-rate trends and credit quality judgments, and relates these expectations to equity and cash reserve risks and return expectations.

As of Jan. 1, the asset mix was 52% stocks, 27% bonds and 21% cash.

Thomas B. Brown, senior vice president, is the chief investment officer; Peter A. Wilson, vice president, is the client contact.

Shearson/American Express Asset Management Inc.

2 World Trade Center, New York, N.Y. 10048; (212) 321-5313

Total assets managed	$2,300,000,000
Tax-exempt assets managed:	
Total	$970,000,000
Fully discretionary	$900,000,000
Minimum separate account	$200,000
Types of accounts managed	CEFG
No. of portfolio managers	15

Shearson/American Express Asset Management employs a risk-averse equity style through the use of a value-oriented (low P/E) approach.

For fixed income, the balanced manager limits itself to government securities of less than 10 years, until such time as inflation is no longer a major factor in the economy.

As of Jan. 1, the asset mix was 70% stocks, 20% bonds and 10% cash.

Clients include the New York Common Retirement Fund, National Elevator Industry Pension Plan, the Jim Walter Corp. & Subsidiaries Profit Sharing and Pension Fund, and American Shipbuilding Co.

James R. Springer is client contact.

Sherman, Dean & Co.

120 Broadway, New York, N.Y. 10271; (212) 577-3850

Total assets managed	$9,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Minimum separate account	$200,000
Tax-exempt clients	10
Types of accounts managed	CJ
No. of portfolio managers	2

Sherman, Dean & Co., invests in growth stocks, using sector analysis for fixed-income.

As of Jan. 1, the asset mix was 80% stocks, 10% bonds and 10% cash.

David Sherman, vice president, is the chief investment officer and the client contact.

Shields Asset Management

701 Westchester Ave., White Plains, N.Y. 10604; (914) 684-6900

Total assets managed	$1,510,000,000
Tax-exempt assets managed:	
Total	$1,501,000,000
Fully discretionary	$1,400,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	109
Types of accounts managed	GJ
No. of portfolio managers	7

Shields Asset Management is a low variability, risk-averse equity manager. It takes as little risk as possible and therefore has an intermediate-term bias in fixed income.

As of Jan. 1, the tax-exempt asset mix was 35% stocks, 60% bonds, and 5% cash. Wilfred Lumer, vice chairman, is the chief investment officer; Richard Nolan, executive vice president, is the client contact.

Sirach Inc.

3110 1 Union Square, Seattle, Wash. 98101; (206) 624-3800

Total assets managed	$33,000,000
Tax-exempt assets managed:	
Total	$26,000,000
Fully discretionary	$13,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	26
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	2

Sirach's equity strategy is designed for capital accumulation — above average ROE, growth rates, earnings estimates, modest price earnings premium, moderate beta, good stability of earnings and a blend of national and Northwest companies.

Sirach invests in bonds to provide the portfolio with diversification, income and price appreciation. Portfolio structure — coupon, quality and maturity — is based on interest rate anticipation and client guidelines.

As of Jan. 1, the asset mix was 40% stocks, 40% bonds and 20% cash.

Clients include Tosco Corp., Washington Dental Service Corp. and Conner Development Corp.

George B. Kauffman, senior vice president, is the chief investment officer; William B. "Sandy" Sanders, vice president, is the client contact.

Sit Investment Associates

1714 First Bank Place West, Minneapolis, Minn. 55402; (612) 332-3223

Total assets managed	$757,000,000
Tax-exempt assets managed:	
Total	$721,000,000
Fully discretionary	$721,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	25
Types of accounts managed	CFG
No. of portfolio managers	4
Size of research staff	1

For equities, Sit Investment Associates uses a rotational style, capitalizing on the firm's intention to remain relatively small and, thereby, permit meaningful sector shifts to maximize portfolio opportunity.

The firm uses a high-quality intermediate-term and defensive approach to fixed-income. Its investment style is structured to provide high current income and reduce total portfolio risk by employing short- to intermediate-term high-quality issues.

As of Jan. 1, the tax-exempt asset mix was 83% stocks, 3% bonds and 14% cash. Eugene C. Sit, president and chief executive officer, is the chief investment officer; Peter L. Mitchelson, executive vice president, is the client contact.

Smilen & Safian Inc.

220 E. 42nd St., New York, N.Y. 10017; (212) 953-7700

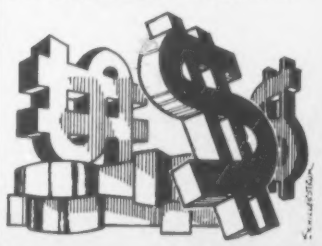
Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$105,000,000
Fully discretionary	$105,000,000
Minimum separate account	$350,000
Tax-exempt clients	103
Types of accounts managed	CEFG
No. of portfolio managers	2
Size of research staff	7

Smilen & Safian's equity approach is sector rotation and market timing. Portfolios are fully managed, with positions between zero and 100%. The firm has a three-step approach: analyzing market sectors; selecting those sectors it believes will attract capital at a superior rate; and selecting individual stocks of well-capitalized, industry leading companies in the chosen sector.

The firm considers bonds to be an equity substitute. Only government and investment-grade corporate bonds are considered. Interest-rate anticipation and sector analysis techniques are used.

As of Jan. 1, the tax-exempt asset mix was 100% stocks.

Kenneth B. Smilen, chairman, is chief investment officer; John R. Larkin, vice president, is client contact.



Smith Affiliated Capital Corp.

1221 Avenue of the Americas, 14th Floor, New York, N.Y. 10020; (212) 382-1680

Total assets managed	$120,000,000
Tax-exempt assets managed:	
Total	$101,000,000
Fully discretionary	$101,000,000
Tax-exempt clients	14
Types of accounts managed	CEFGJ
No. of portfolio managers	2
Size of research staff	3

Smith Affiliated Capital's equity portfolios are equally weighted with a maximum of 30 names with one-third in "primary growth" stocks and the balance in supplemental issues having small capitalization or industries with strong near term technical or fundamental outlook.

The firm has a capital-market-driven approach to maturity and ratio of cash equivalents to fully invested position.

As of Jan. 1, the tax-exempt asset mix was 42% stocks, 42% bonds, and 16% cash.

Clients include the U.S. Playing Card Corp., Road Carriers Local 707, American University in Cairo and Retail Clerks Local 1262.

Robert G. Smith, president, is the chief investment officer; William C. Hay, executive vice president, is the client contact.

Smith Barney, Harris Upham

1345 Avenue of the Americas, New York, N.Y. 10105; (212) 399-6141

Total assets managed	$1,035,000,000
Tax-exempt assets managed:	
Total	$773,000,000
Fully discretionary	$668,000,000
Real estate assets managed	$450,000,000
Tax-exempt clients	50
Types of accounts managed	CEFJ
No. of portfolio managers	7
Size of research staff	46

Smith Barney, Harris Upham aggressively seeks the highest possible total return on equity investments within the risk tolerance of the client.

The firm's fixed-income strategy uses active management of quality marketable issues. Changes are made in maturity, quality, coupon and sector composition of its portfolios based on the trend of interest rates and relative valuation of market areas.

As of Jan. 1, the tax-exempt asset mix was 55% stocks, 33% bonds and 11% cash and 1% convertibles.

Clients include Scovill, PPG Industries, U.S. Industries and Borden.

Anne M. Tatlock, first vice president, is the chief investment officer; Robert L. Battel, first vice president, is the client contact.

Gregory L. Smith & Sons Inc.

5401 College Blvd., Suite 214, Leawood, Kan. 66211; (913) 648-1497

Total assets managed	$324,000,000
Tax-exempt assets managed:	
Total	$301,000,000
Fully discretionary	$1,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	1

Gregory L. Smith & Sons views stocks as companies it intends to purchase and manage personally. Balance sheets and market share are important.

For fixed income, the firm's objective is to maximize internal rate of return with minimum duration exposure. The company states that some fixed-income securities possess these characteristics, offering excellent cash flows with very limited exposure to interest rate swings.

The firm uses options and fixed-income futures.

As of Jan. 1, the asset mix was 1% stocks, 89% bonds and 10% cash.

Clients include Chicago Board of Trade Clearing Corp., Pioneer National Life Insurance Co., First Tennessee Investment Management and Eye Consultants Inc.

Gregory L. Smith, president, is the chief investment officer and the client contact.

Cash management listing July 23.

Herbert R. Smith

1105 Holliday, Wichita Falls, Texas 76301; (817) 723-5565

Total assets managed	$210,000,000
Tax-exempt assets managed:	
Total	$195,000,000
Fully discretionary	$195,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	30
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	1

Herbert R. Smith applies fundamental and technical disciplines to purchases and sales of stocks. It primarily is interested in accelerating earnings and high ROE at market multiples. Technical market discipline is used.

Its fixed-income strategy uses technical and fundamental tools in determining market, sector and maturity range attractiveness.

As of Jan. 1, the asset mix was 77% stocks, 2% bonds and 21% cash.

Clients include the Minnesota State Board, Honeywell, Earl Sams Foundation and Midwestern University.

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When there already seem to be enough investment management firms, why start a new one?

AN INTERVIEW WITH SAMSON WANG, PRESIDENT, BEACON CAPITAL MANAGEMENT.

What can you offer that hasn't already been offered? Well, we think that Beacon's particular mix of thorough research, distinctive qualitative and quantitative analysis and, perhaps most of all, excellent personnel can provide clients with superior service. And, of course, results. We think there's always a place for that.

Do you manage any money now? Yes. We manage some $900 million for just under twenty clients.

Do you specialize in any particular kind of client? Yes. Tax exempt funds. However, a critical part of our philosophy is to keep the number of clients limited. We'll never sacrifice quality just to add a few zeros to the bottom line.

What can you offer clients that much larger firms can't? Flexibility. Personal attention. A lack of bureaucracy. In short, a streamlined approach that is crucial to reacting quickly to the market and a client's needs.

What about a key ingredient—experience? I'm glad you asked. Beacon's investment team has a broad experience in research and portfolio management. In fact, on average each person on our staff has *17 years* of experience.

Do you have a "black box"? A special secret for unfolding the mysteries of the market? Well, if you mean something like a magic wand that illuminates every problem, no. If you mean a disciplined approach that includes research, analysis, experience and a sense of acuity—yes.

Most firms rely heavily, if not totally, on the insights of a few "stars." In this case, it would be you. Is that true of Beacon? No. I'm the President, true. But Beacon's talents and capabilities are very broadly based.

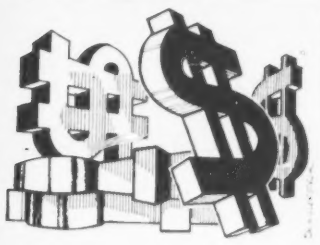
You're associated with a major bank. In the past such a link has slowed down some investment decisions. What about Beacon? We don't foresee that. We're quite independent.

In everything? That's right.

Can you work miracles? Once in a while, yes. The rest of the time we'll settle for a reasonable triumph.

Any specific recommendations for 1984? Sure. Just call us for an appointment: (212) 530-3758.

Beacon Capital Management



Herb Smith is the chief investment officer; David R. Bagby is the client contact.

Smoot Knoche & Co.

10 W. First South, Suite 312, Salt Lake City, Utah 84101; (801) 328-4835

Total assets managed	$875,000,000
Tax-exempt assets managed:	
Total	$860,000,000
Fully discretionary	$860,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	72
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	1

Smoot Knoche & Co., an equity and balanced manager, bases its equity approach on low P/E and Graham & Dodd analysis. For fixed income, it uses interest rate anticipation.

As of Jan 1, the tax-exempt asset mix was 62% stocks, 24% bonds and 14% cash.

Clients include Utah State, Orange County, Arizona Pipe Trades and Montana Power Co.

Lynn C. Miller, vice president, is the chief investment officer and client contact.

Society National Bank

127 Public Square, Cleveland, Ohio 44114; (216) 622-8573

Total assets managed	$770,000,000
Tax-exempt assets managed:	
Total	$465,000,000
Fully discretionary	$465,000,000
Master trust assets	$78,000,000
Minimum separate account	$250,000
Tax-exempt clients	325
Types of accounts managed	CEFJ
No. of portfolio managers	5

Society National Bank analyzes the trend of profitability and P/E — relative to the S&P 400 — to make buy/sell/hold decisions.

For fixed income, the bank uses interest rate anticipation.

As of Jan. 1, the tax-exempt asset mix was 36% stocks, 27% bonds, 10% cash, 25% GICs and 2% miscellaneous.

Donald Cruse Jr., senior vice president, is the chief investment officer; Michael P. Fisher, vice president, is the client contact.

Solomon Asset Management

Suite 1201, 71 Broadway, New York, N.Y. 10006; (212) 509-8122

Total assets managed	$428,000,000
Tax-exempt assets managed:	
Total	$290,000,000
Fully discretionary	$290,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	8
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	3

Solomon Asset Management is a specialty and high-yield fixed-income manager. Its detailed fundamental analysis allows it to invest in low-grade bonds providing above-average returns.

As of Jan. 1, the tax-exempt asset mix was 2% stocks, 96% bonds and 2% cash.

Clients include Xerox, Allied, GTE and Atlantic Richfield.

David B. Solomon, president, is the chief investment officer; Marianne Murphy, vice president, is the client contact.

Somerset Capital Management

52 Vanderbilt Ave., New York, N.Y. 10017; (212) 490-1122

Total assets managed	$42,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Minimum separate account	$500,000
Tax-exempt clients	6
Types of accounts managed	CJ
No. of portfolio managers	2
Size of research staff	4

Somerset Capital Management focuses on market sectors that its experience and analysis suggest are undervalued and offer substantial long-term rewards. Within those sectors, Somerset tries to isolate issues not in vogue with investors.

As of Jan. 1, the asset mix was 80% equities and 20% cash.

Clients include Daily News Guild, Justin Industries Inc., Weissglass and Dynatrend Inc.

Mark W. Ettinger, vice president, is the chief investment officer; Alec J. McAuley, vice president, is the client contact.

Southeastern Asset Management Inc.

5860 Ridgeway Parkway, Memphis, Tenn. 38119; (901) 761-2474

Total assets managed	$5,300,000,000
Tax-exempt assets managed:	
Total	$256,000,000
Fully discretionary	$256,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	66
Types of accounts managed	CEFG
No. of portfolio managers	5

Southeastern Asset Management uses low P/E stocks and Graham & Dodd analysis in its equity approach.

For fixed-income, it emphasizes interest rate anticipation.

The firm uses options and fixed-income futures.

As of Jan. 1, the asset mix was 64% stocks and 36% bonds.

Clients include the city of Memphis, the city of Jacksonville, Fla., the city of Knoxville and the University of Tennessee Endowment.

James A. Thomas, president, is chief investment officer and client contact.

Southland Trust Co.

1800 Southland Life Tower, Dallas, Texas 75201; (214) 744-1974

Total assets managed	$533,000,000
Tax-exempt assets managed:	
Total	$163,000,000
Fully discretionary	$163,000,000
Real estate assets managed	$31,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	29
Types of accounts managed	C
No. of portfolio managers	5

Southland Trust invests in the right sectors at the right time and avoids vulnerable equity market sectors. Equity returns are enhanced by selecting stocks likely to lead their industry in price growth.

For fixed income, the balanced manager has an active core (70%) of the portfolios invested in one- to 10-year maturities at all times. The remaining 30% is invested in cash to 40-year maturities, depending on the firm's interest rate outlook.

As of Jan. 1, the tax-exempt asset mix was 47% stocks, 22% bonds, 10% cash, 19% equity real estate and 2% other.

Clients include Southland Financial, Dallas Police & Fire Pension Fund, American Petrofina and Eastern Air Lines.

John D. Ingle Jr., vice president, is the chief investment officer; A. Carter Creech, executive vice president, is the client contact.

Sovran Bank

12th & Main Streets, Richmond, Va. 23261; (804) 788-2277

Total assets managed	$3,251,000,000
Tax-exempt assets managed:	
Total	$924,000,000
Fully discretionary	$473,000,000
Master trust assets	$230,000,000
International assets managed	$1,000,000
Tax-exempt clients	106
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	7

The name Sovran Bank evolved from the merger between the First & Merchants National Bank and the Virginia National Bank, effective Jan. 1.

For equities, the bank uses a low P/E approach, uses interest-rate anticipation and sector analysis in fixed-income management.

Sovran employs options.

The bank requires $500,000 minimum for equity accounts and $1,000,000 minimum for fixed-income and balanced accounts.

As of Jan. 1, the asset mix was 47% stocks, 48% bonds 3% cash, 1% equity real estate and 1% mortgages.

Clients include CSX, District of Columbia Retirement System, Reynolds Metals and Ethyl Corp.

Stuart Sachs, trust executive officer, is the chief investment officer; Donald E. Griffith, senior vice president, is the client contact.

The Spangler Group Inc.

1 Boston Place, Boston, Mass. 02108; (617) 523-5557

Total assets managed	$168,000,000
Tax-exempt assets managed:	
Total	$117,000,000
Fully discretionary	$100,000,000
International assets managed	$8,000,000
Minimum separate account	$100,000
Tax-exempt clients	19
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	2

The Spangler Group's equity investments are selected internationally for their capital appreciation and current income potential. Turnover rate for each portolio is based on economic and interest-rate cycles.

For fixed income, the manager's approach is flexible, backed by an ability to shift from a controlled strategy of immunization to one of active management.

Options are used.

As of Jan. 1, the tax-exempt asset mix was 75% stocks, 5% bonds, 15% cash and 5% ADRs.

Clients include National Perforating, Halcyon, Brattle Research and Hispanidad Holidays.

President Mark Emerson Spangler is the chief investment officer and the client contact.

Springfield Marine Bank

1 E. Old State Capitol Plaza, Springfield, Ill. 62701; (217) 525-9600

Total assets managed	$956,000,000
Tax-exempt assets managed:	
Total	$374,000,000
Fully discretionary	$374,000,000
Minimum separate account	$100,000
Tax-exempt clients	400
Types of accounts managed	J
No. of portfolio managers	7
Size of research staff	2

Springfield Marine Bank uses sector rotation in its equity approach, and relies on interest rate anticipation and sector analysis for fixed-income investments.

As of Jan. 1, the asset mix was 10% stocks and 90% bonds.

Clients include the Illinois State Teachers, Bunn-O-Matic, Blackburn College and Zeco Inc.

Albert H. Walters is the chief investment officer and the client contact.

Stamford Advisors II

44 Wall St., 19th Floor, New York, N.Y. 10005; (212) 558-0413

Total assets managed	$143,000,000
Tax-exempt assets managed:	
Total	$83,000,000
Fully discretionary	$83,000,000
Minimum separate account	$4,000,000
Tax-exempt clients	5
Types of accounts managed	F
No. of portfolio managers	4
Size of research staff	2

Stamford Advisors II uses a businessman's approach to analyzing companies, searching for changes reflected in underlying equity securities.

For fixed-income, it occasionally uses long-term bonds as an equity substitute.

As of Jan. 1, the asset mix was 88% stocks and 12% cash.

Clients include Engex, National Maritime Union and Masters Mates and Pilots.

J. Morton Davis is the chief investment officer; Edward Perlberg is the client contact.

Standish, Ayer & Wood Inc.

1 Beacon St., Boston, Mass. 02108; (617) 723-4050

Total assets managed	$3,907,000,000
Tax-exempt assets managed:	
Total	$1,217,000,000
Fully discretionary	$1,217,000,000
International assets managed	$5,000,000
Minimum separate account	$4,000,000
Tax-exempt clients	79
Types of accounts managed	CEF
No. of portfolio managers	12
Size of research staff	6

Standish, Ayer & Wood employs a contrarian, value-growth equity approach with economic sector concentration. Other things being equal, medium-sized companies are emphasized.

For fixed income, the manager concentrates on sector analysis and the use of novel instruments witnin an intermediate-term maturity orientation.

The firm uses options and fixed-income futures.

As of Jan. 1, the asset mix was 51% stocks, 34% bonds and 15% cash.

Clients include AT&T, Boston Symphony Orchestra, Hershey Foods and Miles Laboratories.

D. Barr Clayson, managing director, is the chief investment officer; John P. Wilkins, managing director, is the client contact.

State Street Research & Management Co.

225 Franklin St., Boston, Mass. 02110; (617) 482-3920

Total assets managed	$12,000,000,000
Tax-exempt assets managed:	
Total	$11,000,000,000
Types of accounts managed	CEF
No. of portfolio managers	12

State Street Research & Management is known for its strong fundamental research in equity management. The bottom-up approach focuses on high-quality stocks.

According to the 1984 Money Market Directory, clients include AT&T, Caterpillar Tractor, Exxon and K mart.

George F. Bennett is chairman of the board; Charles Smith is the president.

State Street Bank & Trust Co.

225 Franklin St., Boston, Mass. 02101; (617) 786-3236

Total assets managed	$9,824,000,000
Tax-exempt assets managed:	
Total	$7,956,000,000
Fully discretionary	$6,906,000,000
Master trust assets	$42,200,000,000
Master custodian assets	$9,900,000,000
Real estate assets managed	$104,000,000
International assets managed	$477,000,000
Tax-exempt clients	200
Types of accounts managed	CEFGJ
No. of portfolio managers	15
Size of research staff	9

State Street Bank & Trust structures portfolios to match specific benchmarks, including variations on the S&P 500, such as equally weighted and reversed rebalanced strategies.

Its fixed-income strategy focuses on intelligent risk management for active, immunized, dedicated and indexed fixed-income portfolios. In addition, the firm specializes in using financial futures to alter portfolio asset allocation and risk profile.

The firm uses options, stock index and fixed-income futures.

As of Jan. 1, the asset mix was 34% stocks, 24% bonds, 40% cash, 1% equity real estate and 1% futures.

Clients include Exxon, IBM, AT&T, Xerox and Arco.

Lyle H. Davis, senior vice president, is the chief investment officer; Harry Sterling Jr. vice president, is the investment management client contact; and Michael Herlihy, vice president, is the master trust client contact.

Stein Roe & Farnham

150 S. Wacker Drive, Chicago, Ill. 60606; (312) 368-7612

Total assets managed	$8,000,000,000
Tax-exempt assets managed:	
Total	$4,900,000,000
Fully discretionary	$4,100,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	659
Types of accounts managed	CEFGJ
No. of portfolio managers	43
Size of research staff	26

Stein Roe & Farnham is an equity, fixed-income and balanced manager. The firm invests in equities that its valuation model and fundamental analysis have identified as being undervalued relative to their prospects.

For fixed income, the firm's in-house credit analysis uses proprietary interest rate forecasts and sector analysis to formulate fixed-income investment policy and strategy.

The company also uses options.

As of Jan. 1, the tax-exempt asset mix was 56.6% stocks, 33.4% bonds and 10% cash.

Clients include Montgomery Ward, National Can, Borg-Warner and Dow Chemical

Alfred F. Kugel, partner and director of research, is the chief investment officer; Richard L. Ford, marketing director, is the client contact.

Stephenson & Co.

899 Logan St., Denver, Colo. 80203; (303) 837-1700

Total assets managed	$97,000,000
Tax-exempt assets managed:	
Total	$68,000,000
Fully discretionary	$68,000,000
Minimum separate account	$250,000
Tax-exempt clients	34
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	1

Stephenson & Co. emphasizes protecting clients' equity portfolios in adverse markets through aggressive asset allocation. Its stock selection blends technical/fundamental with focus on stocks in the lowest third of P/E and P/BK ranges.

For fixed income, the manager's bond strategies emphasize consistent returns by purchasing high-quality, short- to intermediate-term issues.

As of Jan. 1, the asset mix was 64% stocks, 15% bonds and 21% cash.

A. Emmet Stephenson Jr., founder and chief investment officer; Daniel J. Lynch is the client contact.

Sterling Capital Management

1770 Independence Center, Charlotte, N.C. 28246; (704) 372-8670

Total assets managed	$396,000,000
Tax-exempt assets managed:	
Total	$300,000,000
Fully discretionary	$300,000,000
Minimum separate account	$4,000,000
Types of accounts managed	CEFG
No. of portfolio managers	3

For equities, Sterling Capital Management uses fundamental analysis of the economy and studies the relationship between the prices of various assets and their "logic" in the economic cycle. Finally, the manager invests in these sectors on the basis of their current price relative to long-range value.

As of Jan. 1, the asset mix was 20% stocks and 80% cash.

Clients include Bowater Southern Paper, Spartan Mills and Dillon.

W. Olin Nisbet, J. Leigh Skinner and Robert L. Avinger are the chief investment officers and the client contacts.

Stonehenge Asset Management

1010 Fifth Ave., New York, N.Y. 10028; (212) 517-8900

Total assets managed	$120,000,000
Tax-exempt assets managed:	
Total	$120,000,000
Fully discretionary	$120,000,000
Real estate assets managed	$110,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	30
No. of portfolio managers	2
Size of research staff	10

Stonehenge Asset Management, an equity and real estate manager, emphasizes undervalued stocks. It uses pooled funds for equities.

As of Jan. 1, the asset mix was 10% stocks, 70% equity real estate and 20% mortgages. Clients include Dr Pepper, Inco and the Western Co.

Philip Walker Zinke, president, is the chief investment officer and the client contact.

St. Paul Advisers

P.O. Box 1386, Minneapolis, Minn. 55440; (612) 544-1531

Total assets managed	$400,000,000
Tax exempt assets managed:	
Total	$40,000,000
Fully discretionary	$40,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	3

For equities, St. Paul Advisers looks for strong or improving fundamentals, at relatively attractive prices, in companies within economic sectors that are expected to experience cyclical and/or secular growth. Market timing decisions are secondary.

As of Jan. 1, the tax-exempt asset mix was 70% stocks, 10% bonds and 20% cash.

Stephen M. Poling is the chief investment officer and the client contact.

Stratton Management Co.

Butler & Skippack Pikes, P.O. Box 550, Blue Bell, Pa. 19422; (215) 542-8025

Total assets managed	$314,000,000
Tax-exempt assets managed:	
Total	$143,000,000
Fully discretionary	$143,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	24
Types of accounts managed	CE
No. of portfolio managers	4
Size of research staff	2

Stratton Management Co., a balanced manager emphasizes industry selection. Its approach generally is to stay fully invested and to shift from one industry group to another as economic and market conditions warrant.

Interest rate anticipation is used for fixed-income.

As of Jan. 1, the tax-exempt asset mix was 70% stocks, 25% bonds and 5% cash.

Clients include Thomas Jefferson University, St. Joseph Hospital, Wells College, Roxborough Hospital and Riddle Memorial Hospital.

James W. Stratton, president and chairman, is the chief investment officer; Gerard E. Heffernan, vice president, is the client contact.

Strong/Corneliuson Capital Management Inc.

815 E. Mason St., Milwaukee, Wis. 53202; (414) 765-6020

Total assets managed	$746,000,000
Tax-exempt assets managed:	
Total	$667,000,000
Fully discretionary	$667,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	85
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	2

Strong/Corneliuson's common stock investment involves a value-oriented, bottom-up approach that is evolutionary in nature depending upon macroeconomic considerations and other investment alternatives.

Fixed assets are managed actively based upon anticipated changes in interest rates. Portfolios are required to generate a return in excess of the rate of inflation as measured by the Consumers Price Index.

As of Jan. 1, the tax-exempt asset mix was 23% stocks, 9% bonds and 68% cash.

Clients include Springs Industries, Masonite Corp. Public Service Electric and Gas Co. and Universal Foods.

Richard S. Strong, chairman of the board, and William D. Corneliuson, president, are the chief investment officers and the client contacts.

Stuyvesant Capital Management Corp.

50 Broad St., New York, N.Y. 10004; (212) 422-8773

Total assets managed	$105,000,000
Tax-exempt assets managed:	
Total	$86,000,000
Fully discretionary	$79,000,000
Minimum separate account	$250,000
Types of accounts managed	CEFGJ
No. of portfolio managers	3

Stuyvesant Capital Management Corp., a balanced manager, uses Graham & Dodd analysis for equities and interest rate anticipation for fixed-income investments.

The company uses stock index futures.

As of Jan. 1, the tax-exempt asset mix was 35% stocks and 65% cash.

Clients include Philadelphia Bakery Union Pension Plan, Main Hurdman, New York City Transit Police Officers Annuity Trust Fund and Gleason Memorial Fund.

John P. Cooper, managing director, is the chief investment officer; Donald von Wedel, president, is the client contact.

STW Fixed Income Management

301 E. Carrillo St., Santa Barbara, Calif. 93101; (805) 963-5963

Total assets managed	$710,000,000
Tax-exempt assets managed:	
Total	$576,000,000
Fully discretionary	$576,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	29
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	3

STW Fixed Income Management centers its fixed-income approach on fundamental, value oriented bond management. It builds undervalued fixed-income portfolios to closely match client liability profiles.

As of Jan. 1, the tax-exempt asset mix was 100% bonds.

William H. Williams III, principal, is the chief investment officer; Richard C. Taylor, principal, is the client contact.

Suhrco Real Estate Advisors

10604 NE 38th Place #228, Kirkland, Wash. 98033; (206) 828-4464

Total assets managed	$35,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Real estate assets managed	$20,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1
Types of accounts managed	C

Suhrco Real Estate Advisors is solely a real estate manager, with 100% of its tax-exempt assets invested in equity real estate.

Clients include Tektronix.

Edwin C. Suhrbier, president, is the chief investment officer and the client contact.

Sullivan, Morrissey & Mickle Capital Management Corp.

450 Park Ave., New York, N.Y. 10022; (212) 832-7440

Total assets managed	$71,000,000
Tax-exempt assets managed:	
Total	$46,000,000
Fully discretionary	$46,000,000
Minimum separate account	$500,000
Tax-exempt clients	17
Types of accounts managed	CFJ
No. of portfolio managers	3

Sullivan, Morrissey & Mickle Capital Management, an equity manager, uses a value-oriented approach that seeks the greatest amount of dollars reinvested into business at the lowest cost to the investor. The strategy distinguishes between company return and investor return.

It uses 10-year bonds and short-term paper for balanced accounts.

As of Jan. 1, the tax-exempt asset mix was 65% stocks, 5% bonds and 30% cash.

John F. Sullivan, chairman, is the chief investment officer and the client contact.

Summit Capital Management

2080 Stockbridge Road, Akron, Ohio 44313; (216) 867-3020

Total assets managed	$7,559,000
Tax-exempt assets managed:	
Total	$3,517,000
Fully discretionary	$2,314,000
Minimum separate account	$100,000
Tax-exempt clients	16
Types of accounts managed	CFJ
No. of portfolio managers	1

Summit Capital Management selects stocks in companies with strong financial fundamentals and accelerating earnings momentum at reasonable multiples. Ten percent to 20% of a portfolio is invested in high-quality, emerging growth stocks.

For fixed-income, emphasis is placed on the safety of principal. The firm uses money market funds and short-term U.S. government securities maturing within five years.

As of Jan. 1, the asset mix was 75% stocks, 20% bonds and 5% cash.

John V. Frank, president, is the chief investment officer and the client contact.

A directory of cash management services will be published July 23.

Summit Management Co.

515 S. Figueroa St., Suite 1050, Los Angeles, Calif. 90071; (213) 627-3319

Total assets managed	$229,000,000
Tax-exempt assets managed:	
Total	$145,000,000
Fully discretionary	$86,000,000
Real estate assets managed	$18,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	26
Types of accounts managed	CEF
No. of portfolio managers	4

Summit Management believes that in any time period, the equity market has dominant themes, and the firm concentrates capital in sectors responding to these themes and undergoing substantial price revaluation.

For fixed income, emphasis is on preservation of principal. High returns are achieved through maturity selection, credit analysis, and use of undervalued or overlooked securities.

As of Jan. 1, the approximate asset mix was 30% stocks, 44% bonds, 14% cash and 12% mortgages.

Clients include Occidental College, Methodist Hospital, Hollywood Presbyterian Medical Center and Pacific Homes.

Robert M. Raney, vice president, is the chief investment officer; Franklin E. Ulf, president, is the client contact.

Sun Bank

P.O. Box 3631, Orlando, Fla. 32802; (305) 237-4352

Total assets managed	$4,419,000,000
Tax-exempt assets managed:	
Total	$366,000,000
Fully discretionary	$366,000,000
Master custodian assets	$55,000,000
Real estate assets managed	$11,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	410
Types of accounts managed	CEFG
No. of portfolio managers	10
Size of research staff	2

Sun Bank, a balanced manager, uses sector rotation for equities. Its fixed-income approach is based on interest rate anticipation.

The bank uses options.

As of Jan. 1, the asset mix was 50% stocks, 30% bonds, 5% cash and 15% equity real estate.

James L. Kermes, executive vice president, is the chief investment officer; Bruce Z. Bridges, vice president, is the client contact.

Key to abbreviations
C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State, local governments
J: Jointly trusteed

t

Tallasi Management Co. Inc.

1 Battery Park Plaza, New York, N.Y. 10004; (212) 248-3090

Total assets managed	$431,000,000
Tax-exempt assets managed:	
Total	$425,000,000
Fully discretionary	$425,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	28
Types of accounts managed	CE
No. of portfolio managers	3

Tallasi is value-oriented in its equity approach, focusing on balance sheet fundamentals with a bias toward larger-capitalization companies having substantial net asset values, below-average P/E and above-average yields.

In balanced accounts, fixed-income securities are used primarily to reduce portfolio volatility. Positions are concentrated in government or high-rated corporate issues of short- to intermediate-term maturities.

As of Jan. 1, the asset mix was 84.6% stocks, 3.4% bonds and 12% cash. Clients include Williams Cos., Santa Fe International, Boy Scouts of America and J.C. Penney.

Rodney Mitchell is the client contact.

Tamarack Associates

P.O. Box 1924, Stockton, Calif. 95201; (209) 951-1120

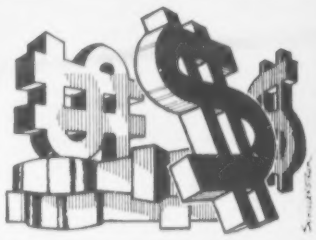
Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$5,000,000
Real estate assets managed	$5,000,000
Minimum separate account	$250,000
Tax-exempt clients	12
Types of accounts managed	CJ
No. of portfolio managers	2
Size of research staff	1

Tamarack Associates looks for growth opportunities where it can purchase stock and real estate at or below book value. The firm specifically looks in the Monterey Peninsula for real estate. It also uses options.

Its fixed-income strategy is based on interest rate anticipation.

As of Jan. 1, the asset mix was 38% stocks, 2% bonds, 25% cash and 35% equity real estate.

Clients include Kaiser Pension & Profit-Sharing Plans, Consulting Cardiology Associates, Perry Farming and Nugget Distributors.



Paul F. Soares, investment counsel, is the chief investment officer; David M. Soares, investment counsel, is the client contact.

Target Investors Inc.

111 Prospect St., Suite 325, Stamford, Conn. 06901; (203) 359-0600

Total assets managed	$15,000,000
Tax-exempt assets managed:	
Total	$15,000,000
Fully discretionary	$15,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	6
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	1

Target Investors' equity approach stresses companies growing at least 20% in sales and earnings that have the potential of a positive earnings surprise and a P/E of less than 20.

As of Jan. 1, the asset mix was 95% stocks and 5% cash.

Clients include Eaton Corp. and City Trust Select Fund.

President Robert Zuccaro is the chief investment officer and the client contact.

TCW Realty Advisors

400 S. Hope St., Los Angeles, Calif. 90071; (213) 683-4200

Total assets managed	$179,000,000
Tax-exempt assets managed:	
Total	$179,000,000
Fully discretionary	$179,000,000
Real estate assets managed	$90,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	23
Types of accounts managed	CG

As of Jan. 1, TCW Realty Advisors was invested 45% in cash and 55% in equity real estate.

Clients include McGraw-Hill, J.C. Penney, Xerox and McDonnell Douglas.

Vincent F. Martin Jr., managing partner, is the chief investment officer; Bruce L. Ludwig, senior partner, is the client contact.

Look for the directory of master trust firms set for May 28.

JB B

GLOBAL-
FIXED INCOME
MANAGEMENT
A timely consideration for today's changing economic climate.

THE JULIUS BAER GROUP
ZURICH LONDON NEW YORK

JULIUS BAER INVESTMENT MANAGEMENT INC.
330 MADISON AVENUE
NEW YORK, N.Y. 10017
(212) 949-9055

Profiles

Templeton Investment Counsel

405 Central Ave., P.O. Box 3942, St. Petersburg, Fla. 33731; (813) 823-8712 or (800) 237-0738

Total assets managed	$3,673,000,000
Tax-exempt assets managed:	
Total	$1,628,000,000
Fully discretionary	$1,628,000,000
International assets managed	$509,000,000
Minimum separate account	$10,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	7

Templeton Investment Counsel, a global equity manager, searches for fundamentally undervalued securities. Its long-term approach precludes country or currency allocation; the strategy remains flexible and responsive to the selection of stocks based on their relative undervaluation.

Fixed-income issues are purchased as alternatives to equities when they appear to offer greater potential for long-term appreciation.

As of Jan. 1, the asset mix was 87% stocks, 4% bonds and 9% cash.

Clients include Airco, FMC, the Ford Foundation and Levi Strauss.

John M. Templeton is the chief investment officer. Ann Margaret Ulrich, is the client contact for funds, and Michael G. Landry is the client contact for separate accounts.

Tenneco Asset Management

777 Walker, Suite 2000, Houston, Texas 77002; (713) 757-5462

Total assets managed	$2,114,000,000
Tax-exempt assets managed:	
Total	$406,000,000
Fully discretionary	$406,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	5
Types of accounts managed	C
No. of portfolio managers	5
Size of research staff	2

Tenneco Asset Management Co. uses relative values for its equity approach. Investments are based on their rate of return potential for a one- to three-year period. Emphasis is on long-term capital gains.

For its fixed-income approach, the company uses sector analysis. It is committed to a research-oriented system designed to continuously capitalize on the greatest values in the bond marketplace.

Tenneco Asset uses options, stock index futures and fixed-income futures.

As of Jan. 1, the asset mix was 24% stocks, 71% bonds and 5% cash.

Clients include Tenneco, Philadelphia Life Insurance, Southwestern Life Insurance and Petro-Tex.

Dan E. Watson, president, is the chief investment officer; Edward L. Jaroski, senior vice president, is the client contact.

Texas American Bank-Fort Worth

500 Throckmorton St., Fort Worth, Texas 75102; (817) 338-8011

Total assets managed	$2,259,000,000
Tax-exempt assets managed:	
Total	$560,000,000
Fully discretionary	$275,000,000
Master trust assets	$40,000,000
Real estate assets managed	$13,000,000
Minimum separate account	$500,000
Tax-exempt clients	275
Types of accounts managed	CEFJ
No. of portfolio managers	6
Size of research staff	1

Texas American Bank focuses on growth stock and sector rotation for its equity approach, using fundamental analysis in the selection process. Emerging growth and low P/E stocks, Graham & Dodd analysis and market timing, however, are considered.

Interest rate anticipation and sector analysis are used for fixed income. Credit quality, spreads and rate forecasts are considered also. Texas American is now using a 10-year maturity range.

As of Jan. 1, the asset mix was 50% stocks, 33% bonds, 15% cash, 1% equity real estate and 1% mortgages.

Clients include Mrs. Bairds Bakeries, St. Joseph's Hospital, Ben E. Keith Co. and Gearhart Industries.

Harold M. Achziger, chairman and president of the investment subsidiary, is the chief investment officer; Mr. Achziger and Gary C. Nelson, senior vice president and trust officer, are the client contacts.

Texas Commerce Bank

600 Travis, P.O. Box 2558, Houston, Texas 77252; (713) 236-5788

Total assets managed	$4,200,000,000
Tax-exempt assets managed:	
Total	$2,592,000,000
Fully discretionary	$1,222,000,000
Master trust assets	$1,200,000,000
Master custodian assets	$928,000,000
Real estate assets managed	$4,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	393
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	4

Texas Commerce Bank uses a combination of bottom-up and top-down stock investment processes. It employs a buy/sell discipline using quantitative tools.

The firm's fixed-income strategy incorporates interest rate anticipation. Bond portfolios are managed actively using all available tools, as markets dictate.

As of Jan. 1, the asset mix was 26% stocks, 46% bonds and 28% cash.

Clients include the Houston Municipal and Firemen and Southern California Rapid Transit District.

Geoffrey P. Raymond, executive vice president and trust officer, is the chief investment officer; Russell K. Schulze II, senior vice president and trust officer, is the client contact.

Third National Corp.

4th and Church, Nashville, Tenn. 37244; (615) 748-4391

Total assets managed	$3,000,000,000
Tax-exempt assets managed:	
Total	$950,000,000
Fully discretionary	$625,000,000
Master trust assets	$325,000,000
Real estate assets managed	$12,000,000
Minimum separate account	$500,000
Tax-exempt clients	550
Types of accounts managed	CEFGJ
No. of portfolio managers	14

Third National, a balanced manager, uses sector rotation for its equity approach. Its top-down strategy involves the selection of economic sectors, evaluation of industries and the selection of stocks monitored by a buy/sell/hold test.

The firm's aggressive fixed-income approach is based on actively managing accounts using interest-rate direction forecasts. Cash equivalents are used when rates are rising.

Third National uses options.

As of Jan. 1, the approximate asset mix was 50% stocks, 33% bonds, 15% cash and 2% equity real estate.

Clients include Hospital Corp. of America, Baird Ward Publishing Co., Farmers Co-op of Tennessee and Murray Ohio Manufacturing.

Charles E. Winger, senior vice president, is the chief investment officer; Larry Gibson, senior marketing consultant, is the client contact.

Thompson/Rubinstein Investment Management

Suite 604, 715 S.W. Morrison, Portland, Ore. 97205; (503) 224-1488

Total assets managed	$105,000,000
Tax-exempt assets managed:	
Total	$24,000,000
Fully discretionary	$24,000,000
Minimum separate account	$250,000
Tax-exempt clients	60
Types of accounts managed	CEF
No. of portfolio managers	3

Thompson/Rubinstein Investment uses a bottom-up equity approach that invests primarily in the inefficient sector of the market. This identifies temporarily out-of-favor companies with above-average potential for earnings and dividend growth.

Its fixed-income strategy uses sector analysis and portfolios that favor governments unless corporates can be bought with a rewarding spread. Maturities are 10 years or less. Potential swaps are pursued aggressively.

As of Jan. 1, the asset mix was 75% stocks, 10% bonds and 15% cash.

Clients include Portland State University Foundation, Instromedix, J.B.'s Restaurants and City Center Management.

Tim F. Ellis, vice president-marketing, is the client contact.

Thompson, Siegel & Walmsley Inc.

P.O. Box 6883, Richmond, Va. 23230; (804) 257-7325

Total assets managed	$750,000,000
Tax-exempt assets managed:	
Total	$670,000,000
Fully discretionary	$670,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	70
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	3

Thompson, Siegel & Walmsley pursues a value-oriented equity investment philosophy using top-down economic and industry sector analysis, valuation analysis, security analysis and a gradual approach to market timing.

The firm's fixed-income decisions emphasize interest rate anticipation and sector analysis.

As of Jan. 1, the asset mix was 50% stocks, 28% bonds and 22% cash.

Clients include James River, Reynolds Metals and the United Mine Workers Health [illegible]rement Funds.

Matthew G. Th[illegible] John T. Siegel and S. Pierce [illegible]sley IV are the chief investment officers and the client contacts.

TIAA-CREF

730 Third Ave., New York, N.Y. 10017; (212) 490-9000

Total assets managed	$31,000,000,000
Tax-exempt assets managed:	
Total	$31,000,000,000
Fully discretionary	$31,000,000,000
Real estate assets managed	$7,751,000,000
International assets managed	$1,600,000,000
Tax-exempt clients	3,600
No. of portfolio managers	17
Size of research staff	70

TIAA-CREF provides a nationwide pension system for higher education; its assets, therefore, are primarily tax-exempt funds.

The College Retirement Equity Fund is a broadly diversified fund having passive, international and active elements. Investments in the active portion are selected using long-term fundamental analysis and a disciplined valuation approach.

The Teachers Insurance and Annuity Association uses proper evaluation and pricing of risk/reward relationships in fixed-income investments. It is a moderately aggressive investor willing to accept risk if it has been evaluated and included in the pricing.

As of Jan. 1, the asset mix for CREF was 100% stocks. For TIAA, the asset mix was 0.6% stocks, 48.4% bonds, 3.1% cash, 5.3% equity real estate and 42.6% mortgages.

James S. Martin, executive vice president and chairman-CREF finance committee, is the chief investment officer for CREF. J. Daniel Lee Jr., senior vice president-TIAA securities, and John A. Somers, senior vice president-TIAA mortgage and real estate, are the chief investment officers for TIAA. John J. McCormack, executive vice president-college services, is the client contact.

Todd Investment Advisors

3160 First National Tower, Louisville, Ky. 40202; (502) 585-3121

Total assets managed	$1,359,000,000
Tax-exempt assets managed:	
Total	$1,348,000,000
Fully discretionary	$332,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	32
Types of accounts managed	CEFGJ
No. of portfolio managers	4

Todd Investment Advisors focuses its equity philosophy on sectors showing superior relative strength. The selection universe generally comprises larger-capitalization stocks with moderate beta.

For fixed income, major maturity shifts are determined by the firm's proprietary forecasting models. The firm relies on high quality bonds only. Bond options are offered as a separate technique.

As of Jan. 1, the asset mix was 18% stocks, 65% bonds and 17% cash.

Clients include the Kentucky Teachers Retirement, city of Memphis, Rose-Hulman College and Louisville Gas and Electric.

Bosworth Todd, president, is the chief investment officer and the client contact.

Torray Clark & Co.

6610 Rockledge Drive, Bethesda, Md. 20817; (301) 493-4600

Total assets managed	$2,200,000,000
Tax-exempt assets managed:	
Total	$2,200,000,000
Fully discretionary	$2,200,000,000
No. of portfolio managers	2

Torray Clark & Co. uses a value-oriented equity approach; it manages some fixed income accounts.

Robert E. Torray, president, is the chief investment officer; David C. Clark, executive vice president, is the client contact.

Townsend Asset Management Co.

45 Essex St., Hackensack, N.J. 07601; (201) 646-1511

Total assets managed	$3,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$2,000,000
Minimum separate account	$100,000
Tax-exempt clients	2
Types of accounts managed	CF
No. of portfolio managers	1

Townsend Asset Management invests in stocks of companies that have appraised higher-than-average per share: sales, discretionary operating cash flows, earnings, dividends, book values and net current assets in relation to share prices. There is a focus on small, underresearched companies and/or 'wallflower' stocks that have less than average financial leverage relative to peer industries.

Its fixed-income strategy uses a "cycle analysis" style for the bond holdings. Average maturities can range out to seven years depending on prospective interest rate changes.

As of Jan. 1, the asset mix was 67% stocks and 33% cash.

Clients include Arwood Corp. and the Rogosin Foundation.

James W. Townsend, president, is

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the chief investment officer and the client contact.

Transamerica Investment Services

1150 S. Olive St., Los Angeles, Calif. 90015; (213) 742-3553

Total assets managed	$5,300,000,000
Tax-exempt assets managed:	
Total	$2,400,000,000
No. of portfolio managers	16

As of Jan. 1, the asset mix was 38% stocks, 35% bonds and 27% cash.

Gary U. Rolle, executive vice president, is the chief investment officer; Susan Silbert, senior vice president, is the client contact.

Trascott, Alyson, Craig Inc.

P.O. Box 278, 222 Cedar Lane, Teaneck, N.J. 07666; (201) 836-9000

Total assets managed	$12,000,000
Tax-exempt assets managed:	
Total	$4,000,000
Fully discretionary	$1,000,000
Minimum separate account	0
Tax-exempt clients	10
Types of accounts managed	CE
No. of portfolio managers	2
Size of research staff	1

Trascott, Alyson, Craig centers its equity approach on growth, emerging growth and low P/E stocks, using fundamental research analysis of all factors affecting the marketplace.

Through analysis of market opportunities and interest rate forecasting, the company seeks to maintain income at highest levels from investments offering safety, liquidity and resistance from excessive downside volatility.

The firm uses options.

As of Jan. 1, the asset mix was 16% stocks, 38% bonds, 2% cash and 44% cash equivalents.

Felix Shagin, president, is the chief investment officer; Douglas E. Ferguson, manager of investment services, and Tracy Shagin, vice president, are the client contacts.

The Travelers Insurance Co.

1 Tower Square, Hartford, Conn. 06115; (203) 277-7777

Total assets managed	$37,541,000,000
Tax-exempt assets managed:	
Total	$15,024,000,000
Real estate assets managed	$539,000,000
International assets managed	$71,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	6,000
Types of accounts managed	CEFGJ

The Travelers Insurance Co. offers a broad range of investments including common stocks, fixed-income, private placements, real estate and international.

The combination of these capital markets through the firm's discretionary portfolio management service provides a comprehensive approach to active investment management. Guaranteed fixed-income investment and specialty real estate (timber, agriculture) strategies are offered.

As of Jan. 1, the assets were invested primarily in the general account consisting of common stocks, private placement, public bonds and mortgages.

Clients include AT&T, General Mills, General Electric and Standard Oil of California.

C. Roderick O'Neil, chairman-finance committee, is the chief investment officer; Thomas E. Keating, vice president, is the client contact.

Travelers Investment Management Co.

1 Tower Square, Hartford, Conn. 06115; (203) 277-7777

Total assets managed	$2,493,000,000
Tax-exempt assets managed:	
Total	$1,776,000,000
Fully discretionary	$1,776,000,000
Tax-exempt clients	29
Types of accounts managed	CEFG
No. of portfolio managers	14
Size of research staff	6

Travelers Investment Management Co. takes a bottom-up approach to equities. Stocks are quantitatively appraised using a dividend discount model to determine relative attractiveness. This is interfaced with a qualitative judgment of market sentiment.

The active fixed-income portfolios rely principally on interest rate forecast and timely maturity restructuring. TIMCO manages more than $900 million in various option strategies.

As of Jan. 1, the asset mix was 44% stocks, 24% bonds, 14% cash, 10% options and 8% futures.

Clients include Sperry, Pacific Telesis, the state of Florida and Hallmark Foundation.

Kevin J. Bradley, chairman, is the chief investment officer; Thomas E. Keating, executive vice president, is the client contact.

Traweek Investment Co.

4720 Lincoln Blvd., Suite 200, Marina del Rey, Calif. 90292; (213) 822-9157

Total assets managed	$200,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	0
Real estate assets managed	$10,000,000
Minimum separate account	$2,000
Tax-exempt clients	0
No. of portfolio managers	4
Size of research staff	2

Traweek Investment, a real estate manager, locates prime quality real estate property, buys at a competitive price, manages it to new levels of performance and liquidates for maximum yield.

The firm offers investors a 10% fixed annual rate of return, 20% of profits at time of sale and the security of a deed of trust on a real estate property.

As of Jan. 1, the asset mix was 50% equity real estate and 50% mortgages.

Edmund Hermelyn, senior vice president-asset management, is the chief investment officer and the client contact.

Trevor Stewart Burton & Jacobsen Inc.

12 E. 41st St., New York, N.Y. 10017; (212) 689-7105

Total assets managed	$160,000,000
Tax-exempt assets managed:	
Total	$110,000,000
Fully discretionary	$110,000,000
International assets managed	$4,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	31
Types of accounts managed	CEF
No. of portfolio managers	3

Trevor Stewart Burton & Jacobsen uses Graham & Dodd analysis in its equity strategy. It believes common stocks, in general, continue to be overpriced in relation to bonds.

Its fixed-income approach centers on interest rate anticipation.

As of Jan. 1, the asset mix was 15% stocks, 60% bonds and 25% cash.

The firm uses options.

Paul W.H. Trevor, chairman, is chief investment officer; E. Nicholas Stewart, president, is client contact.

Treynor-Arbit Ass[illegible]s

111 W. Jackson Blvd., Chicago, Ill. 60604; (312) 431-5030

Total assets managed	$220,000,000
Tax-exempt assets managed:	
Total	$220,000,000
Fully discretionary	$220,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	7
Types of accounts managed	CEFG
Size of research staff	5

Treynor-Arbit Associates uses a rotational style in its equity approach based on the development of themes.

As of Jan. 1, the asset mix was 98% stocks and 2% cash.

Clients include McDonnell Douglas, the New York City Teachers Retirement System and the Rockefeller Family Fund.

Harold Arbit, president, is the chief investment officer; Edward Matz Jr., senior vice president, is the client contact.

Trident Investment Management Inc.

80 E. Ridgewood Ave., Paramus, N.J. 07653; (201) 265-9600

Total assets managed	$617,000,000
Tax-exempt assets managed:	
Total	$594,000,000
Fully discretionary	$303,000,000
Real estate assets managed	$110,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	61
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	2

Trident Investment determines the attractiveness of various securities and the asset allocation through analysis and integration of current and expected economic, investment and market environments.

The fixed-income strategy is based on interest rate and sector analysis, backed up by analyses of economic, investment and market environments, supply/demand of credit, monetary aggregates and federal fiscal data.

Options are used.

As of Jan. 1, the asset mix was 35% stocks, 39% bonds, 6% cash and 20% mortgages.

Clients include the state of Idaho Public Employees Retirement System, Municipal Employees' Annuity & Benefit Fund of Chicago, Simplicity Pattern Pension Fund and the Sunshine Mining Pension Plan.

Kenneth E. Peterson, senior vice president, is the chief investment officer; Jennifer K. Weiner, marketing coordinator, is the client contact.

Trinity Investment Management Corp.

10 Tremont St., Boston, Mass. 02108; (617) 742-9525

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$345,000,000
Fully discretionary	$345,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	10
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	4

Trinity Management, an equity manager, uses a multimodel approach in which portfolio buys and sells are selected primarily by a composite ranking that uses eight proven submodels ranging from Graham & Dodd through cash flow plowback to dividend discount. As of Jan. 1, the asset mix was 98% stocks and 2% cash.

Clients include Texaco, Monsanto and state of Pennsylvania.

Eric Levin, director of research, is chief investment officer; Stanford Calderwood, president, is client contact.

Trust Company Bank

P.O. Box 4418, Atlanta, Ga. 30302; (404) 581-1757

Total assets managed	$4,400,000,000
Tax-exempt assets managed:	
Total	$2,300,000,000
Fully discretionary	$2,300,000,000
Master trust assets	$360,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	350
Types of accounts managed	CEFG
No. of portfolio managers	22
Size of research staff	7

Trust Company Bank incorporates Graham & Dodd analysis in its equity approach, using fundamental analysis to determine the position of six key characteristics that lead to stock selection.

The fixed-income strategy is centered on interest rate anticipation, sector analysis and a proprietary bond credit scoring system. The firm evaluates four areas: returns, aggregates, economic cycle and technical. It also uses options.

As of Jan. 1, the asset mix was 50% stocks, 40% bonds and 10% cash.

Clients include West Point Pepperell, Gold Kist, Equifax and Coca-Cola.

Lawrence J. Trotti, senior vice president, is the chief investment officer; Bob M. Farmer, assistant vice president, is the client contact.

Trust Co. of the West

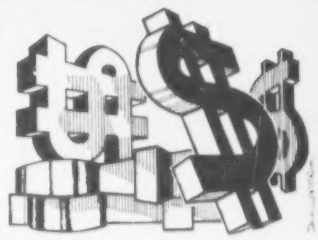
400 S. Hope St., Los Angeles, Calif. 90071; (213) 683-4000

Total assets managed	$5,500,000,000
Tax-exempt assets managed:	
Total	$5,300,000,000
Fully discretionary	$4,800,000,000
Real estate assets managed	$200,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	12

Trust Co. of the West's equity approach is top-down, using sector rotation and market timing. Its goal is to identify changes before they are generally perceived, and shift between asset categories and industries to take advantage of changes.

The fixed-income approach also is top-down, with a goal of catching cyclical shifts in interest rates.

As of Jan. 1, the asset mix was 62% stocks, 19% bonds, 13% cash, 4% equity real estate, and 2% debt and royalty fund.



Ernest O. Ellison, president, is the chief investment officer; Thomas E. Larkin Jr., marketing director, is the client contact.

Trustee & Investors Co.

77 Franklin St., Boston, Mass. 02110; (617) 482-6017

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$600,000,000
Fully discretionary	$600,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	21
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	4

Trustee & Investors, an equity manager, uses a team approach, including computer screens, and fundamentals to select underpriced basic value. It seeks incremental units of risk that produce higher incremental units of reward.

As of Jan. 1, the asset mix was 98% stocks and 2% cash.

Clients include American Natural Resources, Associated Dry Goods and Union Pacific.

Mason J.O. Klinck, managing director, is the chief investment officer; Richard L. Welch, investment director, is the client contact.

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Unified Management Corp.

600 Guaranty Bldg., Indianapolis, Ind. 46204; (800) 862-7283

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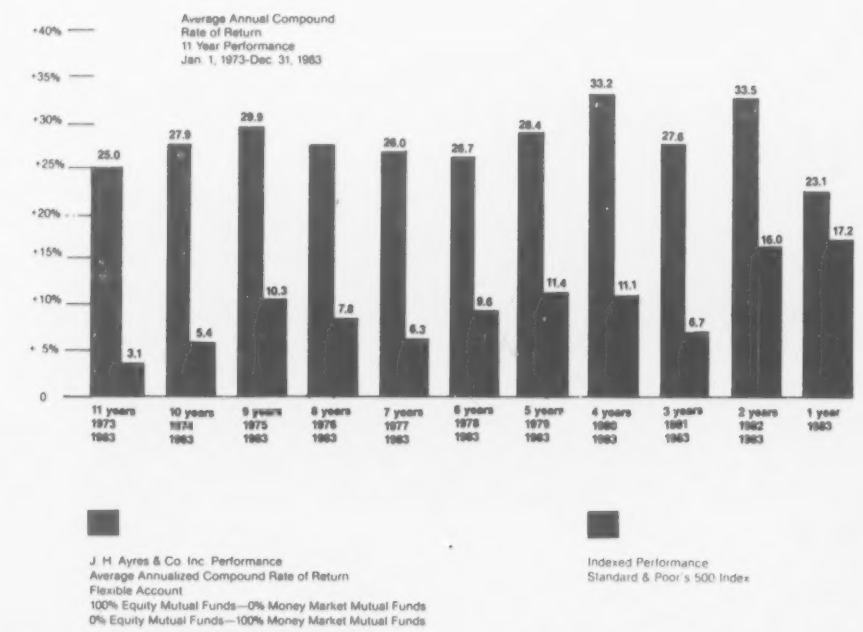
IN A HIGHLY VOLATILE MARKET?



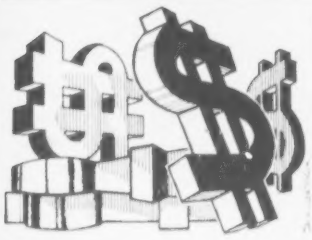
J. H. Ayres & Co. Inc. Performance
Average Annualized Compound Rate of Return
Flexible Account
100% Equity Mutual Funds—0% Money Market Mutual Funds
0% Equity Mutual Funds—100% Money Market Mutual Funds

Indexed Performance
Standard & Poor's 500 Index

Investment Consultants
Managers

J.H. AYRES & COMPANY INC. Est. 1960

2016 Condor St. — Colorado Springs, Colorado (303) 635-1414



Total assets managed	$200,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$2,000,000
Minimum separate account	$250,000
Tax-exempt clients	2
Types of accounts managed	EF
No. of portfolio managers	2

Unified Management, an equity manager, uses market timing in its equity approach.

The firm's fixed-income approach incorporates equity bias through use of convertible bonds and convertible preferreds. The firm uses options.

As of Jan. 1, the asset mix was 60% stocks, 5% bonds and 35% cash.

Nicholas F. Kaiser is the chief financial officer; Ronald L. Keller is the client contact.

The Union Central Life Insurance Co.

P.O. Box 177, Cincinnati, Ohio 45201; (513) 595-2200

Total assets managed	$1,515,000,000
Tax-exempt assets managed:	
Total	$567,000,000
Fully discretionary	$567,000,000
Tax-exempt clients	2,686
Types of accounts managed	CG
No. of portfolio managers	3
Size of research staff	2

The Union Central Life Insurance specializes in open-end diversified equity investment accounts seeking total return through capital appreciation and income in undervalued companies in relation to their tangible assets and earnings growth potential.

The manager has open-end diversified fixed-income investment accounts seeking compound total return on a consistent basis in publicly traded debt securities. In-house research enables it to capitalize on market inefficiencies.

As of Jan. 1, the asset mix was 10% stocks, 69% bonds and 21% cash.

Clients include Kansas National Educational Association, Wm. Powell Valve, Minneapolis Housing Authority and U.S. News & World Report.

John A. Cooney, vice president, is the chief investment officer; John H. Jacobs, assistant vice president, is the client contact.

Union Labor Life Insurance

111 Massachusetts Ave. N.W., Washington, D.C. 20001; (202) 682-0900

Total assets managed	$1,116,000,000
Tax-exempt assets managed:	
Total	$841,000,000
Fully discretionary	$197,000,000
Real estate assets managed	$151,000,000
International assets managed	$4,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	367
Types of accounts managed	CGJ
No. of portfolio managers	6
Size of research staff	8

The equity approach of Union Labor Life Insurance favors low P/E ratio, out-of-favor and special-situation stocks. The fixed-income strategy is based on rich/cheap and yield-spread analyses and active bond management, exploiting yield-spread differentials.

As of Jan. 1, the asset mix was 18.8% stocks, 8.5% bonds, 17.9% cash and 54.8% mortgages.

Union Labor Life uses fixed-income futures.

Clients include National Industrial Group Pension Trust Fund, Amalgamated Transit Union, Y.S. Potters Association and International Brotherhood of Pottery & Allied Workers.

James F. Whelan, executive vice president, is the chief investment officer; John G. Herbstsomer, vice president, is the client contact.

Canadian advisers will be ranked and profiled in the July 9 issue.

Union Mutual Life Insurance

2211 Congress St., Portland, Maine 04122; (207) 780-2056

Total assets managed	$4,062,000,000
Tax-exempt assets managed:	
Total	$2,466,000,000
Fully discretionary	$2,466,000,000
Real estate assets managed	$915,000,000
Tax-exempt clients	7,073
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	16

Union Mutual Life Insurance's equity approach emphasizes market timing and selects stock according to a growth and top-down strategy. For fixed-income, it offers private placements in commercial mortgages and GICs.

As of Jan. 1, the asset mix was 2% stocks, 54% bonds, 1% equity real estate, 37% mortgages, 5% commercial paper, and 1% home office property.

Clients include Northeast Utilities, Prentice-Hall, Uniroyal and Whirlpool Corp.

Jay Wakefield, research analyst-pension marketing, is the client contact.

Union Planters National Bank

P.O. Box 387, Memphis, Tenn. 38147; (901) 685-2068

Total assets managed	$450,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$125,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Union Planters National Bank has an equity strategy guided by economic and sector analyses. Industry and individual issue analysis is a function of fundamental and technical analysis within chosen sectors.

Its fixed-income approach stresses interest rate anticipation. Constant bond swapping is minimized and a prime effort is placed on the maturity of portfolios.

The bank uses options.

As of Jan. 1, the asset mix was 35% stocks, 50% bonds and 15% cash.

Carl N. Weibel, senior vice president, is the chief investment officer; Charles V. Cifuni, assistant vice president, is the client contact.

Union Trust Bank

P.O. Box 17304, Baltimore, Md. 21203; (301) 332-5877

Total assets managed	$460,000,000
Tax-exempt assets managed:	
Total	$182,000,000
Fully discretionary	$182,000,000
Tax-exempt clients	175
Types of accounts managed	CEFGJ
No. of portfolio managers	6

Union Trust Bank's equity approach is oriented toward fundamental research and individual stock selection. Selection is characterized by high-quality companies both in terms of financial strength and persistent above-average rates of growth of earnings and dividends.

The firm uses active fixed-income management based on an assessment of future economic conditions and interest rate trends to identify areas of greatest relative value along the yield curve. Quality and marketability are a major focus, with emphasis on short- to intermediate-term issues.

As of Jan. 1, the asset mix was 40% stocks, 50% bonds and 10% cash.

Clients include Black & Decker, Crown Central Petroleum and Baltimore Gas & Electric.

Paul F. Gorey, vice president, is the chief investment officer; Jay Neale, vice president, is the client contact.

United Capital Management

1700 Broadway, Suite 1300, Denver, Colo. 80274; (303) 831-9474

Total assets managed	$1,754,000,000
Tax-exempt assets managed:	
Total	$1,632,000,000
Fully discretionary	$1,632,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	28
Types of accounts managed	CFGJ
No. of portfolio managers	4
Size of research staff	2

United Capital Management buys out-of-favor stocks that have major rebound potential during a three-year horizon. The use of a strict sell discipline is an important characteristic of its approach.

For fixed-income, the firm uses business cycle analysis to evaluate the direction of interest rates. It determines portfolio structure by spread analysis.

As of Jan. 1, the asset mix was 68% stocks, 24% bonds and 8% cash.

Clients include U S WEST, the state of Washington, General Public Utilities and Greyhound.

W. Lon Schreur, president, is the chief investment officer; Denise Bryant, vice president, is the client contact.

United Jersey Bank

210 Main St., Hackensack, N.J. 07602; (201) 646-5230

Total assets managed	$551,000,000
Tax-exempt assets managed:	
Total	$139,000,000
Fully discretionary	$129,000,000
Master custodian assets	$470,000,000
Minimum separate account	$150,000
Tax-exempt clients	114
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	1

The equity management of United Jersey Bank is value-oriented with a timing emphasis. The balanced manager's fixed-income accounts are actively managed, based on interest-rate anticipation and a 10-year maximum maturity.

As of Jan. 1, the asset mix was 31% stocks, 29% bonds and 40% cash.

Fred R. Gruber, vice president and manager-investment department, is the chief investment officer; Cosmo D'Andrea Jr. is the client contact.

United Missouri Investment Counsel Service

928 Grand Ave. (P.O. Box 226), Kansas City, Mo. 64141; (816) 556-7351

Total assets managed	$1,940,000,000
Tax-exempt assets managed:	
Total	$1,242,000,000
Fully discretionary	$1,082,000,000
Master trust assets	$94,000,000
Master custodian assets	$266,000,000
Minimum separate account	$500,000
Tax-exempt clients	430
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	5

United Missouri invests in stocks of undervalued companies with strong balance sheet characteristics and whose outlook calls for above-average growth with a product line that offers pricing flexibility.

Its fixed-income philosophy places primary emphasis on maturity shifts based on interest rate outlook. High quality (AA plus) ratings are generally not sacrificed despite spreads. Key forecasting tools are related to manufacturing operating rates.

The firm uses stock index futures and fixed-income futures.

As of Jan. 1, the asset mix was 38% stocks, 38% bonds, 22% cash, 1% equity real estate and 1% mortgages.

Clients include V.F. Corp., Shriners Hospital for Crippled Children, William Jewell College and Missouri State Highway Department.

Stuart L. Murdock, executive vice president and senior investment officer, is the chief investment officer; David B. Anderson, senior vice president and investment officer, is the client contact.

United of Omaha Life Insurance Co.

Mutual of Omaha Plaza, Omaha, Neb. 68175; (402) 978-5138

Total assets managed	$2,300,000,000
Tax-exempt assets managed:	
Total	$771,000,000

United of Omaha's equity approach is to buy stocks in undervalued companies that are characterized by above-average and increasing returns. For fixed income, it matches the maturity or duration of assets and liabilities, with emphasis on private placements of bonds.

Tom Crummer, senior executive vice president, is the chief investment officer; Dwain Horn, vice president-group pensions, is the client contact.

United States Trust Co. — Boston

40 Court St., Boston, Mass. 02108; (617) 726-7250

Total assets managed	$275,000,000
Tax-exempt assets managed:	
Total	$130,000,000
Fully discretionary	$130,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	80
Types of accounts managed	CEFGJ
No. of portfolio managers	6

United States Trust emphasizes market timing in its equity approach. The firm actively allocates among equities and other assets given a financial outlook. Within equities, it most heavily weights sectors expected to do best in the forecasted environment.

Its fixed-income strategy stresses interest rate anticipation. U.S. Trust Co. allocates between bonds and stocks and varies bond maturities based on economic and interest rate forecasts.

The firm shifts between bond sectors based on yield spread and liquidity considerations.

As of Jan. 1, the asset mix was 40% stocks, 30% bonds and 30% cash.

Clients include Harvard Community Health Plan Pension Fund, New York Legal Aid Staff Attorneys Pension Plan, Associated Students of the University of California Employees and Boston Pipefitters Local #537.

Domenic Colasacco, senior vice president, is the chief investment officer; Lawrence Litvak, investment officer, is the client contact.

United States Trust Co. of New York

45 Wall St., New York, N.Y. 10005; (212) 806-4500

Total assets managed	$9,200,000,000
Tax-exempt assets managed:	
Total	$2,500,000,000
Fully discretionary	$2,000,000,000
Master trust assets	$9,100,000,000
Master custodian assets	$5,900,000,000
International assets managed	$13,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	50
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	5

United States Trust Co. of New York, a fixed-income manager, follows a discipline of selling quickly as interest rates rise and buying cautiously as they decline.

Jay C. Harbeck, senior vice president-fixed-income department, is the chief investment officer; John K. Holland, vice president, is the client contact.

Unity Management Inc.

2001 Marcus Ave., Lake Success, New York, N.Y. 11042; (516) 437-2200

Total assets managed	$265,000,000
Tax-exempt assets managed:	
Total	$265,000,000
Fully discretionary	$265,000,000
International assets managed	$10,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	44
Types of accounts managed	CGJ
No. of portfolio managers	5
Size of research staff	3

Unity Management bases its equity strategy on growth stocks and market timing.

It actively follows individual companies and market trends, using in-house computer systems and conventional research sources for fundamental and technical analysis.

The firm establishes general fixed-income investment policies through conventional and computer-generated forecasts. Bond swapping and immunization programs are used for restructuring fixed-income asset allocations.

As of Jan. 1, the asset mix was 20% stocks, 55% bonds and 25% cash.

Clients include Laborers Union Local 1298, New York City Transit PBA and Teamsters Local Union 813.

Irving Decter, president, is the chief investment officer; Mr. Decter and Kenneth Decter, vice president, are the client contacts.

V

Valley National Bank of Arizona

241 N. Central Ave., Phoenix, Ariz. 85001; (602) 261-2900

Total assets managed	$2,153,000,000
Tax-exempt assets managed:	
Total	$1,088,000,000
Fully discretionary	$1,088,000,000
Master trust assets	$11,000,000
Real estate assets managed	$217,000,000
Minimum separate account	0
Tax-exempt clients	485
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	4

Valley National Bank focuses its equity philosophy on growth stocks, low P/E and sector rotation. It determines trend-line earnings for each company it follows, and makes calculations of attractiveness based on a scoring system of relative valuation.

In its fixed-income approach, the firm attempts to maximize actual total rates of return through appropriate market timing as well as sector, maturity and coupon selection.

The bank uses options.

As of Jan. 1, the asset mix was 50% stocks, 20% bonds, 10% cash and 20% real estate.

R. Lynn Yturri, vice president, is the chief investment officer; Dennis Gaines, assistant vice president, is the client contact.

Value Line Asset Management

711 Third Ave., New York, N.Y. 10017; (212) 687-3965

Total assets managed	$1,320,000,000
Tax-exempt assets managed:	
Total	$1,310,000,000
Fully discretionary	$985,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	35
Types of accounts managed	CEFG
No. of portfolio managers	5
Size of research staff	75

Value Line Asset Management, an equity manager, uses a computer-based ranking system. The firm buys stocks that are timely and sells those that are no longer expected to perform better than the market.

As of Jan. 1, the asset mix was 94% stocks and 6% bonds.

Clients include Eastman Kodak, Conoco, New York City Teachers and National Steel.

Mark K. Tavel, president, is the chief investment officer; Robert H. Pearlman, vice president, is the client contact.

Van Cleef, Jordan & Wood

230 Park Ave., New York, N.Y. 10169; (212) 986-2600

Total assets managed	$272,000,000
Tax-exempt assets managed:	
Total	$165,000,000
Fully discretionary	$165,000,000
International assets managed	$10,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	12
Types of accounts managed	CEF
No. of portfolio managers	5
Size of research staff	2

Van Cleef, Jordan & Wood centers its equity approach on a conceptual discipline defining the appropriate sector, low P/E relating to market risk and shifting sectors in response to market climate.

The fixed-income strategy is based on interest rate forecasts that define the appropriate maturity sector and sector analysis relating to yield differential.

As of Jan. 1, the asset mix was 30% stocks, 60% bonds and 10% cash.

Clients include Bilco, Bowne & Co. and the United Methodist Church.

Carl Lawrence, vice president, is the chief investment officer and the client contact.

Van Deventer & Hoch

420 N. Brand Blvd., Glendale, Calif. 91203; (818) 247-5330 or (213) 245-7461

Total assets managed	$457,000,000

Tax-exempt assets managed:	
Total	$188,000,000
Fully discretionary	$188,000,000
Minimum separate account	$150,000
Tax-exempt clients	283
Types of accounts managed	CEF
No. of portfolio managers	11
Size of research staff	3

Van Deventer & Hoch uses low P/E and Graham & Dodd analysis in its equity approach. It buys equities, including convertibles, of financially sound companies only when they are available at prices that represent a substantial discount from their current/real net worth.

Fixed-income policies stress liquidity and absolute safety of capital; total return considerations are secondary. Maturities are evenly staggered to a maximum of seven years depending on interest rate outlook.

As of Jan. 1, the asset mix was 50% stocks, 20% bonds and 30% cash.

Robert E. Van Deventer, president, is the chief investment officer; Richard A. Snyders, portfolio manager and vice president, is the client contact.

Van Eck Management Corp.

270 River Road, Briarcliff Manor, N.Y. 10510; (212) 687-5200

Total assets managed	$768,000,000
Tax-exempt assets managed:	
Total	$93,000,000
Fully discretionary	$93,000,000
International assets managed	$768,000,000
Minimum separate account	$500,000
Tax-exempt clients	1
Types of accounts managed	CEF
No. of portfolio managers	5
Size of research staff	9

Van Eck Management focuses its equity strategy on growth stock. Investment decisions are based on world business and political conditions, inflationary pressures, foreign exchange relationships and interest rates. Industries are selected on a global basis; equities are selected based on potential for earnings growth, competitive position and balance sheet ratios.

Fixed income is used when the near-term outlook for returns becomes competitive with the potential for gain from equity. Decisions are based upon an analysis of worldwide interest rate and foreign exchange trends. Quality, liquidity, maturity and taxes affect selection.

As of Jan. 1, the asset mix was 90% stocks, 2% bonds and 8% cash.

John C. van Eck, chairman and president, is the chief investment officer; Nicholas Reitenbach, manager client relations, is the client contact.

The Vanguard Group

P.O. Box 2600, Valley Forge, Pa. 19482; (215) 648-6000

Total assets managed	$2,860,000,000
Tax-exempt assets managed:	
Total	$1,144,000,000
Fully discretionary	$1,144,000,000
International assets managed	$66,000,000
Tax-exempt clients	1,000
Types of accounts managed	CEFGJ
No. of portfolio managers	20
Size of research staff	100

The Vanguard Group as a whole has $8 billion under management in its mutual funds, of which $3.2 billion is for tax-exempt clients. Most of the assets are in mutual funds managed by other organizations. The figures above pertain only to the assets managed internally by Vanguard.

Vanguard uses passive, growth stock, emerging growth, low P/E, sector rotation and Graham & Dodd analysis in its equity approach.

Its fixed-income strategy focuses on passive, interest rate anticipation and sector analysis. It uses a rich/cheap analysis as it pertains to maturity, quality and coupon.

As of Jan. 1, the asset mix was 45% stocks, 15% bonds, 30% cash and 10% balanced funds.

Clients include AT&T, Campbell Soup, Harvard University and IBM.

E.F. Bowditch Jr., senior vice president, is the client contact.

Vaughan, Nelson, Scarborough & McConnell

6300 Texas Commerce Tower, Houston, Texas 77002-3071; (713) 224-2545

Total assets managed	$700,000,000
Tax-exempt assets managed:	
Total	$625,000,000
Fully discretionary	$625,000,000
Minimum separate account	$2,500,000
Tax-exempt clients	52
Types of accounts managed	CEFGJ
No. of portfolio managers	6

Vaughan, Nelson, Scarborough & McConnell emphasizes individual stock selection through original primary research, active asset allocation and rotation of issues and groups through proprietary relative valuation analysis.

The firm uses interest rate anticipation and sector analysis in its fixed-income strategy.

As of Jan. 1, the asset mix was 70% stocks and 30% bonds.

Clients include Halliburton, Houston Police, TWA and United Energy Resources.

Eugene H. Vaughan Jr., president, is the chief investment officer; John E. Young, principal, is the client contact.

Verus Capital

30 Broad St., New York, N.Y. 10004; (212) 943-9200

Total assets managed	$201,000,000
Tax-exempt assets managed:	
Total	$201,000,000
Fully discretionary	$201,000,000
International assets managed	$30,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	6
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	9

Verus Capital uses emerging growth stocks and Graham & Dodd analysis in its equity approach. It locates 25 to 30 special equity situations (U.S. or international) with unique fundamentals and attractive risk/reward valuations. Verus uses stock index futures.

As of Jan. 1, the asset mix was 93% stocks and 7% cash.

Clients include ITT, Allied Corp., Pfizer and Public Service Electric & Gas.

Charles C. Reilly, president, is the chief investment officer; Frederic C. Reynolds, director of marketing, is the client contact.

W

Wachovia Bank & Trust Co.

P.O. Box 3099, Winston-Salem, N.C. 27102; (919) 748-5906

Total assets managed	$4,121,000,000
Tax-exempt assets managed:	
Total	$2,433,000,000
Fully discretionary	$2,433,000,000
Master trust assets	$12,000,000,000
Real estate assets managed	$540,000,000
Tax-exempt clients	849
Types of accounts managed	CEFGJ
No. of portfolio managers	22
Size of research staff	6

Wachovia Bank & Trust identifies major forces and trends in society and the economy, then seeks to capitalize on early detection of changes.

Its fixed-income approach uses interest rate anticipation, sector analysis, credit analysis and substitution swaps because the principal sources of income rotate over time.

Wachovia uses options.

As of Jan. 1, the asset mix was 31.9% stocks, 22.3% bonds, 17.1% cash, 22% equity real estate, 0.2% mortgages and 6.5% miscellaneous.

H. Vernon Winters, group vice president, is the chief investment officer; Nicholas L. Verano III, vice president, is the client contact.

Waddell & Reed Asset Management Co.

2400 Pershing Road, P.O. Box 19131, Kansas City, Mo. 64141; (816) 283-4079

Total assets managed	$822,000,000
Tax-exempt assets managed:	
Total	$595,000,000
Fully discretionary	$472,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	35
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	17

Waddell & Reed Asset Management emphasizes market timing and sector rotation in its equity approach.

The firm's asset allocation decisions are based on extensive analysis of the two principle determinants of stock market trends, stock prices vs. intrinsic value relationships and the business cycle.

Waddell & Reed uses options.

The firm's primary bond technique is to alter maturities based on the firm's interest rate outlook.

As of Jan. 1, the asset mix was 43% stocks, 21% bonds and 36% cash.

Clients include Ralston Purina, state of Missouri, Akzona and Levi Strauss.

Fred Mitchell, president, is the chief investment officer; Milton E. Lackey, vice president, is the client contact.

Wakley & Roberton

W. 601 First Ave., Suite 500, Spokane, Wash. 99204; (509) 838-3538

Total assets managed	$45,000,000
Tax-exempt assets managed:	
Total	$35,000,000
Fully discretionary	$35,000,000
Minimum separate account	$250,000
Tax-exempt clients	38
Types of accounts managed	CEFGJ
No. of portfolio managers	2

Wakley & Roberton uses a top-down fundamental approach with some sector rotation and market timing.

Its fixed-income approach is based on interest rate anticipation.

As of Jan. 1, the asset mix was 39% stocks, 41% bonds and 20% cash.

Neil F. Wakley is the chief investment officer; Paul W. Mann is the client contact.

Look for the directory of master trust firms set for May 28.

Wall, Patterson, McGrew & Hamilton Inc.

229 Peachtree St., Suite 900, Atlanta, Ga. 30043; (404) 659-6060

Total assets managed	$975,000,000
Tax-exempt assets managed:	
Total	$950,000,000
Fully discretionary	$950,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	45
Types of accounts managed	CFGJ
No. of portfolio managers	4
Size of research staff	3

Wall, Patterson, McGrew & Hamilton uses a computerized quantitative procedure to select stocks from a prescreened 700-stock universe based on earnings and valuation data.

The fixed-income policy is based upon yield-curve analysis and bond portfolios structured with the highest-quality instruments.

As of Jan. 1, the asset mix was 72% stocks, 24% bonds and 4% cash.

Clients include BellSouth, city of Memphis, Peoples Energy and state of North Dakota.

James O. Patterson, chairman of the board, is the chief investment officer; William M. Robertson, vice president, is the client contact.

Warburg Investment Management International

St. Alban's House, Goldsmith Street, London England EC2P 2DL; (01-1) 600-4555

Total assets managed	$229,000,000
Tax-exempt assets managed:	
Total	$186,000,000
Fully discretionary	$186,000,000
International assets managed	$186,000,000
Tax-exempt clients	11
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	23

Warburg Investment International, bases its equity strategy on sector rotation, Graham & Dodd analysis and market timing.

It believes the greatest returns are achieved by the flexible movement of funds between markets.

Its fixed-income strategy uses interest rate anticipation in a top-down economic approach. Considerable attention is paid to arbitrage possibilities caused by time inefficiencies within Eurobond markets and between them and the relevant domestic markets.

As of Jan. 1, the asset mix was 100% stocks.

Clients include Atlantic Richfield, Dartmouth College, Ford Foundation and Sun Co.

David Scott, director, is the chief investment officer; John Townsend is the client contact at 499 Park Ave., New York, N.Y 10022.

Ward & Wissner Capital Management Inc.

380 Madison Ave, New York, N.Y. 10017; (212) 557-2071

Total assets managed	$200,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$200,000,000
Minimum account size	0
Tax-exempt clients	9
Types of accounts managed	CFJ
No. of portfolio managers	2
Size of research staff	2

Ward & Wissner Capital Management, a fixed-income manager, uses structured bond portfolio programs designed to meet specific client objectives ranging from classical immunity to hedged programs using interest rate futures and options on futures.

As of Jan. 1, the asset mix was 100% bonds.

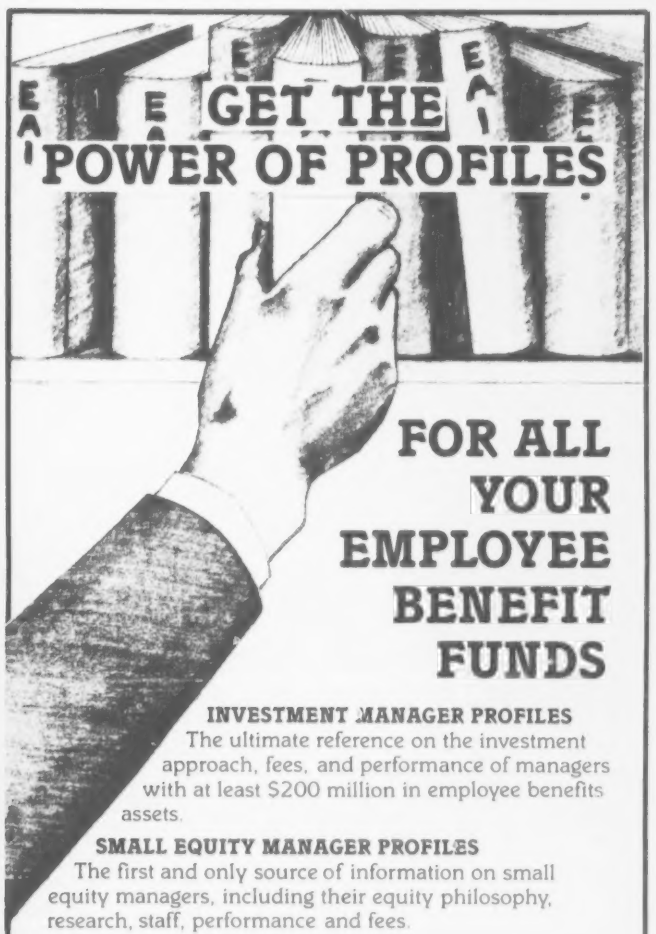
Clients include Stone & Webster, Robertshaw Controls, Raymark and United Food & Commercial Workers.

James S. Ward, president, and Leonard H. Wissner, chairman, are the chief investment officers. Mr. Ward is the client contact.

Wasatch Advisors Inc.

68 S. Main, Salt Lake City, Utah 84101; (801) 533-0777

Total assets managed	$89,000,000
Tax-exempt assets managed:	
Total	$73,000,000
Fully discretionary	$73,000,000



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COMPANY ADDRESS
CITY STATE ZIP CODE
PIA 4/30/84

Minimum separate account	$300,000
Tax-exempt clients	98
Types of accounts managed	CEGJ
No. of portfolio managers	3
Size of research staff	3

Wasatch Advisors uses growth, emerging growth and low P/E stocks and Graham & Dodd analysis in a bottom-up equity approach. It takes advantage of its small size to buy any of 6,000 companies with the most superior operating performance and lowest P/Es.

Its fixed-income strategy uses interest rate anticipation. The firm considers bonds as equity alternatives on a value basis.

As of Jan. 1, the asset mix was 90% stocks, 5% bonds and 5% cash.

Clients include Husky Oil, Utah Symphony, Utah State Retirement and JB's Big Boy Family Restaurants.

Samuel S. Stewart Jr., president, is chief investment officer; Mark E. Bailey, vice president, is client contact.

Weiss, Peck & Greer

1 New York Plaza, New York, N.Y. 10004; (212) 908-9500

Total assets managed	$2,718,000,000
Tax-exempt assets managed:	
Total	$2,300,000,000
Fully discretionary	$2,300,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	96
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	5

Weiss Peck & Greer uses growth stock, emerging growth stocks and market timing in its equity approach. Its fixed-income strategy emphasizes interest-rate anticipation.

The firm uses options.

As of Jan. 1, the asset mix was 79% stocks, 14% bonds and 7% cash.

Clients include Dart & Kraft, Johns Hopkins University, Dickenson & Co. and United Food and Commercial Workers.

Stephen H. Weiss, president, is the chief investment officer; Vincent E. Teti, partner, is the client contact.

Wellington Management Co./Thorndike, Doran, Paine & Lewis

28 State St., Boston, Mass. 02109; (617) 742-8100

Total assets managed	$12,346,000,000
Tax-exempt assets managed:	
Total	$5,849,000,000
Fully discretionary	$5,849,000,000
International assets managed	$53,000,000
Tax-exempt clients	190
Types of accounts managed	CEFGJ
No. of portfolio managers	28
Size of research staff	33

Wellington Management has an equity strategy that is best known for its value/yield approach; TDP&L is best known for its growth/emerging growth style. Both rely heavily on fundamental research.

A range of specialized fixed-income approaches is offered, all of which emphasize thorough credit analysis and rely in varying degrees on interest rate anticipation.

As of Jan. 1, the asset mix was 70.2% stocks, 16.1% bonds and 13.7% cash.

Clients include AT&T, Caterpillar Tractor, IBM and Sperry.

The chief investment officer is Robert W. Doran, president, director and chief executive officer. Dena W. Reed, senior vice president, is the client contact.

Wells Fargo Investment Advisors

475 Sansome St., San Francisco, Calif. 94111; (415) 396-3778

Total assets managed	$13,100,000,000
Tax-exempt assets managed:	
Total	$12,900,000,000
Fully discretionary	$12,900,000,000
Master trust assets	$2,550,000,000
Real estate assets managed	$240,000,000
International assets managed	$8,000,000
Tax-exempt clients	416
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	6

Wells Fargo Investment Advisors' equity investment focuses attention at the level of portfolio structure rather than being concerned with stock selection.

Its fixed-income strategy is also passive. The firm creates highly structured and well-diversified portfolios to replicate various market sectors including the LBKL index.

Stock index futures are used.

As of Jan. 1, the asset mix was 72% stocks, 20% bonds, 5% cash, 2% equity real estate and 1% mortgages.

Clients include AT&T, General Motors, state of Pennsylvania and Phillips Petroleum.

Frederick L.A. Grauer, senior vice president and manager, is the chief investment officer; Thomas A. Middleton, vice president and manager-client relations, is the client contact.

Wells Fargo Realty Advisors

330 Washington St., 9th Floor, Marina del Rey, Calif. 90292; (213) 822-2032

Total assets managed	$1,607,000,000
Tax-exempt assets managed:	
Total	$523,000,000
Fully discretionary	$523,000,000
Real estate assets managed	$503,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	40
Types of accounts managed	CG
No. of portfolio managers	3
Size of research staff	8

Wells Fargo Realty Advisors' approach is two dimensional. It focuses on markets with above-average growth potential in the West and Sun Belt, and capitalizes on the presence and contacts of the professionals in its regional office network.

As of Jan. 1, the asset mix was 5% cash and 95% equity real estate.

Clients include General Motors, United Nations, B.F. Goodrich and AT&T.

Doug Hayek, senior vice president and director of acquisitions, is the chief investment officer; J. Michael Johnson, vice president and director of capital acquisition, is the client contact.

Wentworth Hauser & Violich

333 Sacramento St., San Francisco, Calif. 94111; (415) 981-6911

Total assets managed	$1,273,000,000
Tax-exempt assets managed:	
Total	$1,148,000,000
Fully discretionary	$1,148,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	81
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	3

Wentworth Hauser & Violich stresses low P/E and sector rotation in its equity strategy. It purchases high-quality securities that are priced lower than the market and have an implied return higher than the market.

It structures bond portfolios with maturities at expected cyclical interest rate peaks. Average maturity varies from one to five years.

As of Jan. 1, the asset mix was 38% stocks, 58% bonds and 4% cash.

Clients include Air Products & Chemicals, GTE, Avnet and Southern California Edison.

W. Kurt Hauser, president, is chief investment officer; Bradford Hall, vice president, is client contact.

A directory of cash management services will be published July 23.

Wertheim Asset Management Services Inc.

230 Park Ave., 33rd Floor, New York, N.Y. 10169; (212) 370-6130

Total assets managed	$1,371,000,000
Tax-exempt assets managed:	
Total	$1,371,000,000
Fully discretionary	$1,371,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	38
Types of accounts managed	CEFJ
No. of portfolio managers	6
Size of research staff	26

Wertheim Asset Management bases individual stock selection on fundamentals; sector rotation is used. The company invests in all types of stocks.

Interest rate anticipation is used for fixed-income, with emphasis on total return through active management. The policy is to vary sector concentrations, quality levels, maturities based on interest rate forecasts, analysis of economic and market cycles and best relative values.

As of Jan. 1, the asset mix was 48% stocks, 34% bonds and 18% cash.

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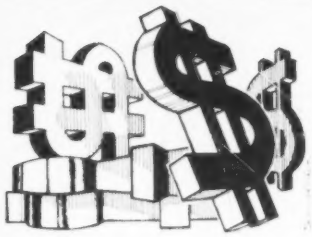

Clients include AT&T, Bakery and Confectionery Workers Industry International and Helena Rubinstein Foundation.

Ernest N. Mysogland Jr. is president, chief executive officer and chief investment officer. Deborah G. George, marketing associate, is the client contact.

Wertheim-Philippe International

230 Park Ave., New York, N.Y. 10169; (212) 370-6130

Total assets managed	$265,000,000
Tax-exempt assets managed:	
Total	$265,000,000
Fully discretionary	$265,000,000
International assets managed	$265,000,000
Minimum separate account	$5,000,000
No. of portfolio managers	5
Size of research staff	6

Wertheim-Philippe International has all of its assets invested internationally. As of Jan. 1, the asset mix was 95% stocks and 5% cash.

Pierre Philippe, managing director, is the chief investment officer; Deborah G. George, marketing director, is the client contact.

Western Asset Management

707 Wilshire Blvd., Los Angeles, Calif. 90017; (213) 614-3156

Total assets managed	$2,122,000,000
Tax-exempt assets managed:	
Total	$1,516,000,000
Fully discretionary	$1,516,000,000
Tax-exempt clients	28
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	2

Western Asset Management, a fixed-income manager, incorporates adjustment of maturities, sector rotation and identification of changing credit characteristics into its fixed-income approach. Its process measures duration to control risk and produces most of its return from sector concentration and undervalued issue selection.

As of Jan. 1, the asset mix was 61% bonds and 39% cash.

Clients include Pacific Telesis, Lockheed, The Common Fund and Rockwell.

Win J. Nueger is the chief investment officer; Richard A. Miller, director of marketing, is the client contact.

Western Reserve Capital Management Inc.

Republic Building, Suite 1807-R, P.O. Box 6778, Cleveland, Ohio 44101; (216) 622-5416

Total assets managed	$723,000,000
Tax-exempt assets managed:	
Total	$592,000,000
Fully discretionary	$592,000,000
International assets managed	$38,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	5

Western Reserve Capital Management, the investment subsidiary of Republic Steel, follows four distinct equity styles: large-cap, diversified stocks; emerging growth and special situations; disciplined combination of fundamental and technical analyses; and international equities diversified by countries and companies.

For fixed-income, it also employs four approaches: active bond management using interest rate anticipation, credit and sector swap analysis; selection emphasizing investment-grade, intermediate-term maturities; contingent immunization; and active management of dedicated porfolios.

Fixed-income futures are used.

As of Jan. 1, the asset mix was 51% stocks, 34% bonds, 11% cash and 4% venture capital.

Clients include Republic Steel, Kingsley International Insurance, ChateauGay and Presque Isle.

Dennis J. Hamilton, president, is the chief investment offficer and the client contact.

Wilmington Trust Co.

Rodney Square North, Wilmington, Del. 19890; (302) 651-1000

Total assets managed	$15,000,000,000
Tax-exempt assets managed:	
Total	$10,000,000,000
Fully discretionary	$1,500,000,000
Master trust assets	300,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	65
Types of accounts managed	CEFG
No. of portfolio managers	12
Size of research staff	12

Wilmington Trust, an equity and fixed-income manager, bases its equity approach on low P/E and Graham & Dodd analysis. It stresses quality, growth and value with a bias toward small- to medium-capitalization issues. The firm uses options.

Its fixed-income strategy is total return oriented with a technically driven system. No interest rate forecasting is done.

As of Jan. 1, the asset mix was 60% stocks, 35% bonds and 5% cash.

Bruce L. Marra, senior vice president, is the chief investment officer; David W. Umbs, vice president, is the client contact.

Wilshire Associates

1299 Ocean Ave., Santa Monica, Calif. 90401; (213) 451-3051

Total assets managed	$1,400,000,000
Tax-exempt assets managed:	
Total	$1,400,000,000
Fully discretionary	$1,400,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	1
Types of accounts managed	G
No. of portfolio managers	1

Wilshire Associates uses a passive, index equity approach.

As of Jan. 1, the asset mix was 100% stocks.

Clients include the state of Minnesota.

Wayne Wagner, vice president, is the chief investment officer; David Williams, vice president, is the client contact at (203) 325-4970.

Wilson Foster & Co.

4987 Olivas Park Drive, Suite 100, Ventura, Calif. 93001; (805) 644-8207

Total assets managed	$60,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Tax-exempt clients	65
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	1

Wilson Foster & Co., an equity manager, uses growth stock, sector rotation and market timing. It has a value-oriented strategy that is keyed to the anticipated attraction of the financial markets.

As of Jan. 1, the asset mix was 80% stocks and 20% cash.

Harvey F. Wilson, president, is the chief investment officer; William J. Box Jr., vice president-marketing, is the client contact.

Winchester Capital Management Co.

1 Federal St., Boston, Mass. 02110; (617) 482-3001

Total assets managed	$205,000,000
Tax-exempt assets managed:	
Total	$125,000,000
Fully discretionary	$125,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	55
Types of accounts managed	CFGJ
No. of portfolio managers	5

Winchester Capital Management takes an industry approach to equity investments, using a fundamental group of relative valuations and asset allocation. Interest rate anticipation determines its fixed-income approach.

As of Jan. 1, the asset mix was 70% stocks, 10% bonds and 20% cash.

Clients include Coats & Clark, Gulf Oil, International Game Technology and Valeron.

Sidney R. Stern, executive vice president, is the chief investment officer; Larry C. Grubaugh, president, is the client contact.

Winrich Capital Management

23702 Birtcher Drive, Lake Forest, Calif. 92630; (714) 380-0200

Total assets managed	$154,000,000
Tax-exempt assets managed:	
Total	$89,000,000
Fully discretionary	$89,000,000
Minimum separate account	$500,000
Tax-exempt clients	61
Types of accounts managed	C
No. of portfolio managers	4

Winrich Capital Management stresses stocks that have low absolute P/Es, higher yields, strong balance sheets, low business volatility and high return on capital.

The firm bases its fixed-income strategy on interest rate anticipation and uses bonds as equity substitutes. It uses intermediate maturities and high-quality issues. The firm uses options.

As of Jan. 1, the asset mix was 50% stocks, 40% bonds and 10% cash.

Clients include Carl Karcher Enterprises, Altec, San Antonio Community Hospital and Centinela Hospital Medical Center.

Darrell J. Winrich, chief executive officer, is the chief investment officer; Roger B. Palley, executive vice president, is the client contact.

Winters National Bank

40 N. Main St., Dayton, Ohio 45401; (513) 449-4923

Total assets managed	$1,200,000,000
Tax-exempt assets managed:	
Total	$250,000,000
Fully discretionary	$250,000,000
Master trust assets	$307,000,000
Minimum separate account	$100,000
Tax-exempt clients	500
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	2

Winters National Bank focuses its fixed-income approach on interest-rate anticipation.

Maris Ogg, vice president, is the chief investment officer; Nick Motto, investment officer, is the client contact.

Wisconsin Valley Trust Co.

P.O. Box 209, Wausau, Wis. 54401; (715) 845-3121

Total assets managed	$170,000,000
Tax-exempt assets managed:	
Total	$33,000,000
Fully discretionary	$33,000,000
Real estate assets managed	$500,000
Tax-exempt clients	72
Types of accounts managed	CEFJ
No. of portfolio managers	2

Wisconsin Valley Trust has a broadly diversified equity strategy that uses fundamental and technical analyses to identify value and anticipate price movements.

Its fixed-income approach rests on interest rate anticipation, attempting to follow the economic/interest rate cycle. Options are used.

As of Jan. 1, the asset mix was 80% stocks, 10% bonds, 5% cash and 5% GIC.

Clients include Centra Wisconsin Bank Shares.

Richard E. Heier, vice president-investments, is the chief investment officer; Howard C. Williams, vice president, is the client contact.

Dean Witter Reynolds Inc. InterCapital Division

1 World Trade Center, New York, N.Y. 10048; (212) 938-4585

Total assets managed	$9,547,000,000
Tax-exempt assets managed:	
Total	$760,000,000
Fully discretionary	$760,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	30
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	5

Dean Witter Reynolds is a sector-oriented equity manager using a process called Industry Valuation. This process places primary emphasis on identifying undervalued industries, rather than individual companies, to maximize returns.

The three primary components of its fixed-income strategy are anticipation of shifts in the level and shape of the yield curve, shifts between relatively overvalued and undervalued market sectors and selective trading to take advantage of unusual yield differentials.

As of Jan. 1, the asset mix was 90% stocks, 5% bonds and 5% cash.

Clients include Fort Howard Paper, GTE Investment Management, Owens Illinois, and U S WEST.

Jack W. Vander Vliet, executive vice president and portfolio manager, is the chief investment officer; Steven W. Golann, senior vice president-client services, is the client contact.

William D. Witter Inc.

153 E. 53rd St., New York, N.Y. 10022; (212) 753-7878

Total assets managed	$510,000,000
Tax-exempt assets managed:	
Total	$391,000,000
Fully discretionary	$363,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	45
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	2

William D. Witter, an equity manager, focuses on growth, emerging growth and low P/E stocks, emphasizing value. Institutional favorites, often overpriced, are de-emphasized.

As of Jan. 1, the asset mix was 90% stocks and 10% cash.

Clients include state of Oregon, Pratt Institute, Peabody International and Syntex.

William D. Witter, president, is the chief investment officer and the client contact.

Wolf, Webb, Burk & Campbell Inc.

1100 Avenue of the Arts Building, Broad and Chestnut Streets, Philadelphia, Pa. 19107; (215) 735-5910

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$150,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	21
Types of accounts managed	CEFGJ
No. of portfolio managers	4

Wolf, Webb, Burk & Campbell follows an emerging growth, value-oriented and market timing equity approach. Its fixed-income strategy is keyed to interest rate anticipation, market timing and, to a lesser degree, sector swapping.

As of Jan. 1, the asset mix was 45% stocks, 45% bonds and 10% cash. Clients include the IBEW, National Automatic Sprinkler Industry, Puritan Fashions and Wichita, Kan.

Jerry Wolf, president, is the chief investment officer; Bill Campbell, vice president, is the client contact.

Wood Struthers & Winthrop Management Corp.

140 Broadway, New York, N.Y. 10005; (212) 902-4393 or (800) 221-2832

Total assets managed	$1,300,000,000
Tax-exempt assets managed:	
Total	$662,000,000
Fully discretionary	$580,000,000
Real estate assets managed	$8,000,000
International assets managed	$10,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	111
Types of accounts managed	CEFG
No. of portfolio managers	9

Wood Struthers uses an equity approach in which security selection is guided by fundamental research, screened within the context of valuation techniques. Holdings are concentrated by industry sectors, emphasizing market leaders with an identifiable growth pattern for earnings.

Its fixed-income approach focuses on maturity risk to ensure preservation of capital and a real rate of return during an interest rate cycle. Fundamental research determines issue selection for investment.

Wood Struthers uses options.

As of Jan. 1, the asset mix was 73% stocks, 23% bonds and 4% cash.

John R. Reese, president and chief executive officer, is chief investment officer; Angelina M. Painter, marketing director, is client contact.

Wright Investors' Service

10 Middle St., Bridgeport, Conn. 06604; (203) 333-6666

Total assets managed	$1,398,000,000
Tax-exempt assets managed:	
Total	$1,308,000,000
Fully discretionary	$1,308,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	72
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	33

Wright Investors' Service uses passive, growth stock and smaller growth stock techniques. It offers three equity products: Quality Core — semi-passive; Defined Equity Management — active growth; and Junior Blue Chips — smaller, well-established growth companies.

Its fixed-income approach uses interest rate anticipation and provides dedicated and immunized portfolio services as well as other management.

As of Jan. 1, the tax-exempt asset mix was 84% stocks, 12% bonds and 4% cash.

Judith R. Corchard, senior vice president and senior investment officer, is the chief investment officer; Albert L. Meric Jr., senior vice president, is the client contact.

Y

Yamaichi Capital Management

Suite 5361, 1 World Trade Center, New York, N.Y. 10048; (212) 432-6600

Total assets managed	$1,720,000,000
Tax-exempt assets managed:	
Total	$68,000,000
Fully discretionary	$68,000,000
International assets managed	$68,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	7
Types of accounts managed	CG
No. of portfolio managers	9
Size of research staff	75

Yamaichi Capital Management uses growth stock, emerging growth and market timing in its equity approach. The firm emphasizes Japan and Pacific Basin countries based on expertise in the area and comprehensive in-house research input. Managers follow top-down cash, currency and strategic guidelines, and bottom-up stock selection.

As of Jan. 1, the asset mix was 90% stocks and 10% cash.

Clients include United Airlines, IU International and Celanese.

Toshiharu Kodaira, general manager of fund management division, is the chief investment officer; Francois C. Lachelier, executive vice president, is the client contact.

Z

Zavanelli Portfolio Research

729 S. Prospect St., Park Ridge, Ill. 60068; (312) 823-6718

Total assets managed	$4,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$2,000,000
Minimum separate account	$100,000
Tax-exempt clients	12
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	2

Zavanelli Portfolio Research is an equity manager that also provides research services to other investment advisers. It seeks maximum return with minimum risk in exploiting market inefficiencies.

As of Jan. 1, the asset mix was 50% stocks and 50% cash.

Clients include Aluminum Design Corp., Barber-Colman and Frankel Furniture.

Max Zavanelli, investment strategist, is the chief investment officer and the client contact.

C2710-2A

Utility sparked by strategy changes

By Marci Baker

LOS ANGELES — Pacific Lighting Corp. has named seven new investment managers to run equity accounts for its $400 million pension plan, dropping Fayez Sarofim & Co. in the process.

Moreover, the company has earmarked a small sum for its first venture capital investments, picking two venture capital partnerships, said Howard Yata, assistant treasurer.

The changes are part of a major restructuring of the Pacific Lighting pension fund, which ultimately will lead the fund into international investing and a much heavier commitment to real estate as well.

The restructuring follows an asset allocation study conducted last year with the help of two consulting firms, Wilshire Associates and Ronald A. Karp Associates, said Mr. Yata. Its purpose is to improve the overall performance of the fund.

The seven new equity managers include small capitalization managers Lehman Management, New York; Dimensional Fund Advisors, Chicago; Pacific Century Group, San Diego; and California First Capital Management, San Diego. Together, they will run 10% of the plan, or $40 million.

Selected to make up a team of value managers were Cashman, Farrell and Associates, Philadelphia; Olympic Capital Management, Seattle; and Fidelity Management Trust Co., Boston. They will run between 10% and 12% of the plan, said Mr. Yata.

In addition, $5 million has been

Continued on page 59

Late news

Housing financing set

CHICAGO — Two public pension funds will finance $51.5 million in construction loans for four senior citizen cooperative housing projects in three states.

One of the funds is the $900 million Chicago Municipal Employees' Annuity and Benefit Fund. Sources would not reveal the identity of the other fund.

Continued on page 2

Pensions & Investment Age

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Public funds in huge LBO

By Kimberly Blanton

CHICAGO — Public pension funds will put up part of the equity in the $2.4 billion leveraged buy-out of Esmark Inc., the largest transaction of its kind to date.

Officials of the pension funds were unfazed by reports that, through their partnership in a $1 billion Kohlberg, Kravis, Roberts & Co. fund, they would own part of the nation's 88th largest industrial company, ranked by sales.

More than one investor speculated the Esmark buy-out would require Kohlberg, Kravis to use as much as a quarter, or $250 million, of the $1 billion fund for equity financing of the leveraged buy-out. Pension funds, as well as banks and insurance companies, are among the fund's limited partners.

The balance of the $400 million to $500 million equity will be provided by the company's executives and by the general partner, Kohlberg, Kravis.

In a leveraged buy-out, a company or division is taken private with equity and debt, which is borrowed against the assets of the company. The debt is paid with cash from operations and the sale of assets.

With the buy-out of Esmark, the nation's public pension funds — which began investing in this newly popular investment as late as 1980 — are entering the arena in a big way.

The Washington State Investment Board and the Oregon Public Employees Retirement System probably have the largest investments, $100 million each, in Kohlberg, Kravis' third fund of this kind.

The Michigan State Employees Retirement System invested $35 million and the Minnesota State Board of Investment, $25 million. The public funds' combined stake in the partnership totals $260 million.

As limited partners in a blind pool, they are not consulted when Kohlberg, Kravis makes a decision to invest, but directors of these

funds backed the decision to buy Esmark at $55 per share.

From conversations with various analysts and experts, "it looks like a pretty good deal," commented Howard Bicker, executive director of the $5 billion Minnesota fund. Esmark is "a sizable deal, and a lot of people are not in a position to deal with (companies that size). That's why we went with KKR."

He said that in pursuing larger companies, Kohlberg, Kravis does not have to compete with other firms that do leveraged buy-outs of smaller companies.

However, Kohlberg, Kravis does "still have to fight corporate America," he noted. Kohlberg, Kravis last month bid for Gulf Oil Corp., but deferred to Standard Oil Co. of California, which has acquired Gulf.

If no other bidders come forward and Esmark shareholders approve the leveraged buy-out, it will be the largest of its kind, according to Arthur D. Little, a management consulting firm.

Second in size was Lehman Bros. Kuhn Loeb Inc.'s buy-out of Metromedia Inc. for $1.5 billion. The rest of the large deals, many of them done in 1983 and 1984, have been less than $1 billion.

In companies like Esmark, the value of its numerous divisions can be "greater than the whole. We suspect that's true in Esmark's case," said John Hitchman, executive director of the $5 billion Washington fund.

Mr. Hitchman said he will be pleased with the Esmark buy-out if it is as successful as the buy-out of Dillingham Corp., a Hawaiian food conglomerate. Kohlberg, Kravis took Dillingham private and dismantled it. He would not reveal the

Continued on page 59

Fiduciary moves $740 million

4 hired for Teamsters

By Barry B. Burr

NEW YORK — In its first major change since becoming named fiduciary of the Teamsters Central States pension fund, Morgan Stanley Inc. is taking a third of the $2.2 billion in fixed-income assets away from two managers and is hiring four others.

Yerger Johnstone, a managing director, said Morgan Stanley plans to turn over $740 million at the end of the month to four new fixed-income managers. If contracts now being reviewed are accepted, Mr. Johnstone said, Morgan Guaranty Trust Co. will receive $300 million; Fiduciary Trust Co., $200 million; Miller Anderson & Sherrerd, $120 million; and T. Rowe Price Associates Inc., $120 million.

Mr. Johnstone said Morgan Stanley dismissed two fixed-income managers: Equitable Life Assurance Society of the United States, with $303 million, and Massachusetts Financial Services Co., with $443 million.

Both firms declined to comment.

Mr. Johnstone said Morgan Stanley screened all current managers, in addition to prospective managers. "We decided other managers were better able to implement" the investment policy of a new fixed-income strategy devised by Morgan Stanley, he added.

According to a previous report from the Central States, in 1983 Equitable and Massachusetts Financial had the lowest returns of the fund's six fixed-income managers, returning, respectively, 2.58% and 4.05%, compared with a composite return for the fund's fixed managers of 9.26% and a Lehman Brothers Kuhn Loeb Government/Corporate bond index return of 8%.

Under a court consent decree, the Central States Southeast & Southwest Areas Pension Fund hired Morgan Stanley as named fiduciary in January, replacing Equitable. As such, it decides the strategy for investing and allocating the fund's nearly $5 billion in assets, hiring and firing all the money managers.

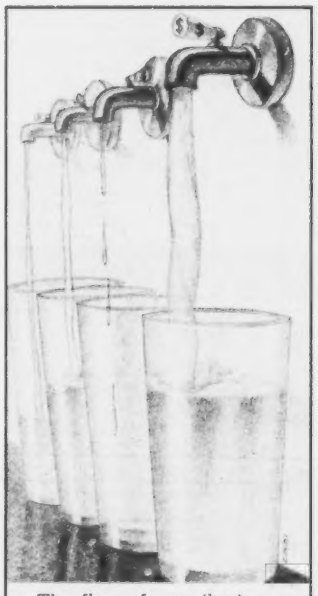
Morgan Stanley selected the four after first sending out inquiries to 65 fixed-income managers (45 returned the questionnaires), then visiting nine. Mr. Johnstone and Peter A. Nadosy, director of fixed-income investments at Morgan Stanley, were assisted in the search by Evaluation Associates Inc., consultants in Westport, Conn.

In hiring the four, Mr. Johnstone said Morgan Stanley was "cautious about putting an excess emphasis on forecasting interest rates."

"We weren't looking for market timers," he added. But he acknowledged "there is a certain element of interest-rate forecasting and market timing" in fixed-income investments.

Instead, he said, the firm wants managers to emphasize interme-

Continued on page 6



The flow of contributions to pension funds is slowing. A series of stories in this issue examines the impact on various pension markets. Series begins at right and continues on pages 3, 9 and 54.

Funding dwindles as plan assets rise

By Kimberly Blanton

CHICAGO — The phenomenal investment returns since 1979 — a 15.5% compound annual return in the stock market and 9.4% in bonds — have stuffed the coffers of corporate pension plans and now are spilling over in the form of lower contributions.

Companies, finding their plans fully funded, or very near it, have begun to cut their annual contributions. Actuaries feel strongly that the plans' funding will improve further in 1983 and 1984.

"Most of the salaried pension plans, if they're not overfunded, they're going 90 miles per hour toward an overfunded status," asserted Howard Winklevoss, head of an actuarial consulting firm that bears his name.

The Internal Revenue Service does not allow companies to estimate union workers' wage increases and fund retirement benefits in advance, like they can with salaried employees. And although, only plans for salaried workers are likely to be overfunded, hourly workers' plans are being beefed up.

Actuaries report that half to two-thirds of their clients have seen their contributions fall off, or at least stabilize, in the past few years. A handful are at the enviable point of not needing to contribute to their plans at all.

A few companies have cut radically contributions. Many more, including Burroughs Corp., McGraw Edison Co., J.C. Penney Co. Inc. and Kerr Glass Manufacturing Corp., are reducing the cash they funnel into their plans.

The reductions are not solely due to uncontrollable factors like capital market activity. Emerging from a far-reaching recession, many companies took a closer look at how to control pension costs and set explicit investment or funding policies to reduce contributions.

Actuaries say changes in plan design and investments, less generous improvements in benefits, lower

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Proposed suit could define bank trustees' responsibility

By Joel Chernoff

WASHINGTON — Bank trustees viewing themselves as paper-shufflers with few investment duties may be a thing of the past, if the Department of Labor files a lawsuit against Bank of America as expected.

A bank may consider itself essentially a bookkeeper, but "either you're a fiduciary or you're not," said Jeffrey Clayton, a former U.S. pension administrator who is now in private law practice.

At presstime, the DOL was poised to file the suit, but it was being held up by the Department of Justice, Labor department sources said. The reasons for the delay were not disclosed.

The Justice Department routinely reviews DOL lawsuits, and U.S. attorneys likely would file the suit in a Los Angeles U.S. district court.

The lawsuit is expected to charge Bank of America with violating its fiduciary responsibilities as trustee in responding to a takeover bid for Los Angeles-based Carter Hawley Hale Stores Inc. by The Limited Inc. of Columbus, Ohio.

Carter Hawley Hale's profit-sharing plan is invested solely in employer securities. After Carter Hawley Hale bought up 51% of its own common stock, the plan held about a third of the outstanding shares, giving it a crucial role in the tender offer. A Securities and Exchange Commission challenge to the buyback failed last week.

Whether or not the suit is filed, pension experts were aghast at an April 30 letter sent by U.S. Pension Administrator Robert Monks to the bank, laying out guidelines for a trustee where the plan document may limit the trustee's obligations and options.

Mr. Monks wrote that the trustee for an "individual account" plan could follow participants' directions to tender their shares "only when the trustee had determined that the participants had, in fact, rendered an independent decision in directing the trustee, without pressure from their employer as to how to vote their shares."

According to the letter, the trustee must not only ensure the plan's provisions are implemented fairly and participants are provided with necessary information, but also be responsible for correcting any "false or misleading information" that is given to employees.

Even if the trustee follows these requirements, following participants' decisions to tender or not could still violate the Employee Retirement Income Security Act, Mr. Monks said.

If "the participants-employees are subjected to pressure from the employer to vote their shares in a particular manner, it would be the duty of the trustee to ignore any direction given which is the result of such pressures, as it could not be considered 'proper direction,' " he continued.

Bank of America had warned participants last month that Carter Hawley Hale might learn of how they voted their shares (*Pensions & Investment Age*, April 30).

"If there's any break of anonymity, it would constitute coercion," Mr. Monks said in an interview. He said Bank of America should be able to keep participants' votes confidential.

A spokesman for Carter Hawley Hale said, "We believe our employees' freedom of choice has been protected by the bank and by our own actions."

In addition, Mr. Monks wrote that the participant must indicate how he wants his shares handled, and cannot remain silent. "The individual acts as trustee for him

Continued on page 61

Termination to cut costs

By Barry B. Burr

ST. PAUL, Minn. — American Hoist & Derrick Co. said it intends to terminate a pension plan to pare expenses and recapture an estimated $2 million to $7 million in surplus assets.

Charles G. Truzinski, vice president and chief financial officer, said the company filed a proposal to terminate with the Pension Benefit Guaranty Corp.

A spokesman for the federal agency said there was no record of the filing, he noted, however, it takes the PBGC a month to catolog such cases before it can begin a review. The PBGC must approve all terminations and any reversion a company recovers.

In all, the company has about $62 million in pension assets, evenly split between a plan for union employees and a plan for salaried and nonunion hourly employees. Mr.

Continued on page 62

Pilots suing Continental over plans

By Fred Williams

HOUSTON — The Air Line Pilots Association is suing Continental Air Lines to remove Continental management as fiduciaries for two pilot pension plans.

The union also is seeking the appointment of independent fiduciaries to administer and implement the termination of the plans in accordance with plan provisions.

At issue are the fixed pension plan for pilots (Plan A), a defined benefit plan with about $65 million in assets as of Jan. 1, 1983, and the variable pension plan for pilots (Plan B), a defined contribution plan with about $113 million in assets as of Jan. 1, 1983.

If the plans are terminated, the airline will be able to recapture surplus assets from the plans. Observers say the money is necessary to help pull Continental through its reorganization under Chapter 11 of the federal bankruptcy code. However, actuaries for Continental and others involved say it is too early even to estimate the amount of the expected reversion.

Continental filed for bankruptcy Sept. 24, 1983, halting contributions to the pilots' fixed and variable pension plans, according to the ALPA complaint.

The complaint, filed in U.S. District Court for the Southern District of Texas, accuses Continental of violating existing labor agreements with its pilots. It also charges the airline with failure to comply with reporting and disclosure requirements of the Employee Retirement Income Security Act in terminating the two plans.

ALPA lawyer Robert Savelson said the pilots agree that the plans should be terminated, but that Continental has not complied with the termination procedures spelled out in the plans and agreed to by both parties.

In December, Continental adopted a resolution to eliminate benefit accruals after last Sept. 24, subject to approval of the bankruptcy court and the Internal Revenue Service. It later executed a plan amendment eliminating further benefit accruals after March 9, 1984, the ALPA suit claims.

In February, Continental told ALPA it had filed a termination notice with the Pension Benefit Guaranty Corp., proposing either a Sept. 24, 1983, or March 9, 1984, termination date.

"On or about March 1, 1984, upon learning of the foregoing action by Continental, ALPA advised Continental that the A Plan requires that upon termination, the date of dis-

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Late news

Fund asks exemption

HOUSTON — A Continental Air Lines Inc. pension fund wants a Department of Labor exemption for a real estate leaseback arrangement with the airline.

Continental wants to continue leasing from the Texas International Airlines Employees Retirement Trust, property at Houston Hobby Airport worth about $1.5 million.

Texas International and Continental merged in 1982.

Continental would pay the fund $2,300 monthly for the property, or the fair market rental value as determined by an independent appraisal and adjusted annually.

Firemen tap manager

CHICAGO — The $300 million Chicago Firemen's Annuity Benefit Fund hired Century Capital Associates, New York, as a balanced manager for $25 million from new cash flow, said Gary Halper, senior investment analyst.

The fund is Century's first client for its new active balanced management, which uses a portfolio of S&P 500 index matched stocks, government securities maturing in about 20 years, and cash equivalents.

A&P to take surplus

MONTVALE, N.J. — The Great Atlantic & Pacific Tea Co. will take $275 million from its now-legally terminated employee pension plan.

Another $61 million from the estimated surplus of more than $336 million goes to plan retirees, $11 million more than was originally agreed under the settlement. An unspecified additional amount will cover termination expenses.

Getty Trust custodian

LOS ANGELES — The J. Paul Getty Trust reportedly selected Northern Trust as master custodian for its more than $2 billion in assets. Officials at Northern and the trust declined to comment.

Staffers quit Bankers

LONDON — William Goodsall, director, and John Webb, managing director, left BT Investment Management Ltd., Bankers Trust Co.'s international money management operation.

They are starting their own firm, Springfield Capital Management, said Mr. Goodsall.

Jeremy Fillenham is the new managing director of BT Investment. Roger Ward is the new deputy managing director.

Settlement proposed

CHICAGO — A proposed settlement of three civil suits brought in the mid-1970s and charging mismanagement of pension investments by then-trustees might yield the Central States Teamsters pension fund $2 million.

The suits sought to recover $37 million, purportedly lost through mismanagement by 17 ex-trustees. Two insurance organizations that provided $2 million liability coverage for the former trustees agreed to pay the settlement.

A federal judge must approve the settlement.

Facet, PBGC to settle

WASHINGTON — The Pension Benefit Guaranty Corp. and Facet Enterprises Inc. reached a new agreement enabling the Tulsa, Okla.-based firm to pay its debt from terminating a pension plan and to be released of any future obligations to the agency.

Under the proposed agreement, Facet will pay the PBGC about $11.9 million in cash and 90,000 shares of Facet stock, now valued at $10 per share, contingent on Facet obtaining financing to make the $11.9-million payment.

Morgan to lose exec

NEW YORK — Rohit Desai, senior vice president in charge of the special investment group at Morgan Guaranty Trust, will be leaving the bank to start his own, nontraditional investment firm.

Robert Levine, a senior energy analyst at Morgan, will take charge of the oil and gas fund; Patricia Peters, vice president, will head the investment group's $1 billion convertible fund. A successor for the $1.5 billion real estate operation will be hired from outside the bank.

Equity stake offered

SAN FRANCISCO — Crocker National Corp. most likely will take the unusual step of offering a "significant" equity interest in its subsidiary, Crocker Investment Management Corp. to six key CIMCO officers, said Arnold Midwood, senior vice president. Earlier this year, the officers were named partners in the firm.

PIPER

The statistical data is extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation service published by Pensions & Investment Age. PIPER details comparative performance data on equity and fixed income funds at more than 200 banks and insurance companies. The report is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.

Defensive strategies capture top returns

By Rose Darby

NEW YORK — As the equity and bond markets continued their listless performance during the past quarter, bank and insurance company commingled fund managers with defensive investment strategies were propelled into the top performance limelight.

Only 54 of the 253 equity funds tracked beat the Standard & Poor's 500 stock index for the quarter, while 137 of 245 fixed-income funds beat the Lehman Brothers Kuhn Loeb Government/Corporate bond index for the quarter.

According to Pensions and Investments Performance Evaluation Report for the quarter ended March 31, the leading equity performer was Connecticut Mutual Life's Separate Account C., with an investment return of 3.9%.

Jefferson Trust & Savings Bank of Peoria, Ill., came in second place. The bank's Common Equity Employee Benefit Growth Fund had a 3.2% return for the quarter.

A defensive equity strategy and liberal use of cash equivalents were the two elements most responsible for the Jefferson fund's overall superior performance, said Stephen Johnson, vice president-trust officer and manager of the $18 million growth fund. The bank oversees about $175 million in tax-exempt assets, he said.

"We were as much as 50% in cash this past quarter," he explained. "Because of our relatively small size, it's easier for us to move in and out of the market when we need to."

Favorite issues in the portfolio were not too flashy but performed well when things started to hit the skids, said Mr. Johnson. **Atlantic Richfield, Standard of Indiana, Penn Central, Harris Bank, Ralston Purina and Nabisco** are examples.

Third for the quarter was Continental National Bank in Fort Worth, Texas, with a return of 3.1%.

Gary Wheaton Bank, Wheaton, Ill., with a 2.6% return came in fourth, and New York-based U.S. Trust's equity fund, with a 1.9% return was fifth.

The median equity fund for the quarter logged 4.9%, while the S&P 500 came in at 2.4% for the same period.

First Variable Life of Little Rock, Ark., had the leading equity fund for both the year and the three-year period ended March 31, 1984. It had a hefty 25.7% investment return for one year and a 27% compound annual total return for three years.

Unlike other funds, First Variable's $35 million equity fund had no investments in high multiple stocks such as high technology, emerging growth, or communications stocks, said Lee Bodenhamer, chairman and chief executive officer.

The good performance of the energy stocks, the basic cyclicals and the capital investment sector issues carried the day, he added.

"We tried to go into industries that were currently out of favor, where we could find stocks we liked at bargain prices," Mr. Bodenhamer explained.

These included such issues as **Jim Walter** and **Owens Corning Fiberglas** in the housing sector and **A.O. Smith** and **Arvin Industries** in the auto parts group.

First Variable Life oversees $260 million in tax-exempt assets, he said.

Continental National Bank, with a return of 21.6%, made second place for the year ended March 31, 1984.

Connecticut Mutual's Separate Account C came in third with a 20.8% return. First Interstate of Oregon's Employee Benefit Trust Fund, with a 19.5% return, was fourth.

The median equity fund had a 3% return for the year, and the S&P 500 had an 8.7% return.

Following First Variable for the three-year period was Manufacturer's Life in Ontario, Canada, with a 25.1% compound annual return. AmSouth Bank in Birmingham, Ala., came in third, with a 24% return.

The median equity fund for the same period had a 10.3% return on investment. The S&P 500 returned 10.9% during the same period.

Manufacturer's Life led the pack for the five years ended March 31, 1984, with a 31.7% compound annual total return. First Union Bank of Charlotte, N.C., was second, with a 24.1% return for the period, and United of Denver was third, with 23%.

The median fund for the five years logged a 14.8% compound annual return, while the S&P 500 returned 15.2%.

Manufacturers Life of Toronto's commingled equity fund was the leading performer for the 10 years ended March 31, 1984, with a 23.6% compound annual return.

First Wisconsin National Bank of Madison, Wis., and First Variable Life, with returns of 18.7% and 18.6% respectively, came in second and third for the 10-year period.

The median fund for the period returned 9.7%, while the S&P 500 returned 10.7%.

California First Bank in San Diego had the top performing bond fund in the past quarter's fixed-income arena, with a 4.5% return on investment.

A combination of defensive strategies was the main reason for the fund's success, said Joseph Winicki, investment officer, who manages the $7.8 million fund.

"The average maturity was kept reasonably short at about 11 years. We also kept close to 10% of the fund in cash, and in a declining bond market that helps," he explained. "In addition, we had about 18% of the assets in real estate."

According to Mr. Winicki, the real estate assets are leased out, and the lease revenue flows into the fixed-income fund.

About 67% of the fund was in corporate bonds, and about 3% in government bonds, Mr. Winicki added. California First manages about $600 million in tax-exempt assets.

First of Allentown in Pennsylvania, with a 4.1% return, followed California First's lead for the quarter. Next in line were: First City in Dallas, with a 3.9% return; United Carolina Bank of North Carolina, with a 3.2% return; and First National Bank of

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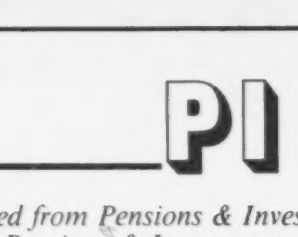
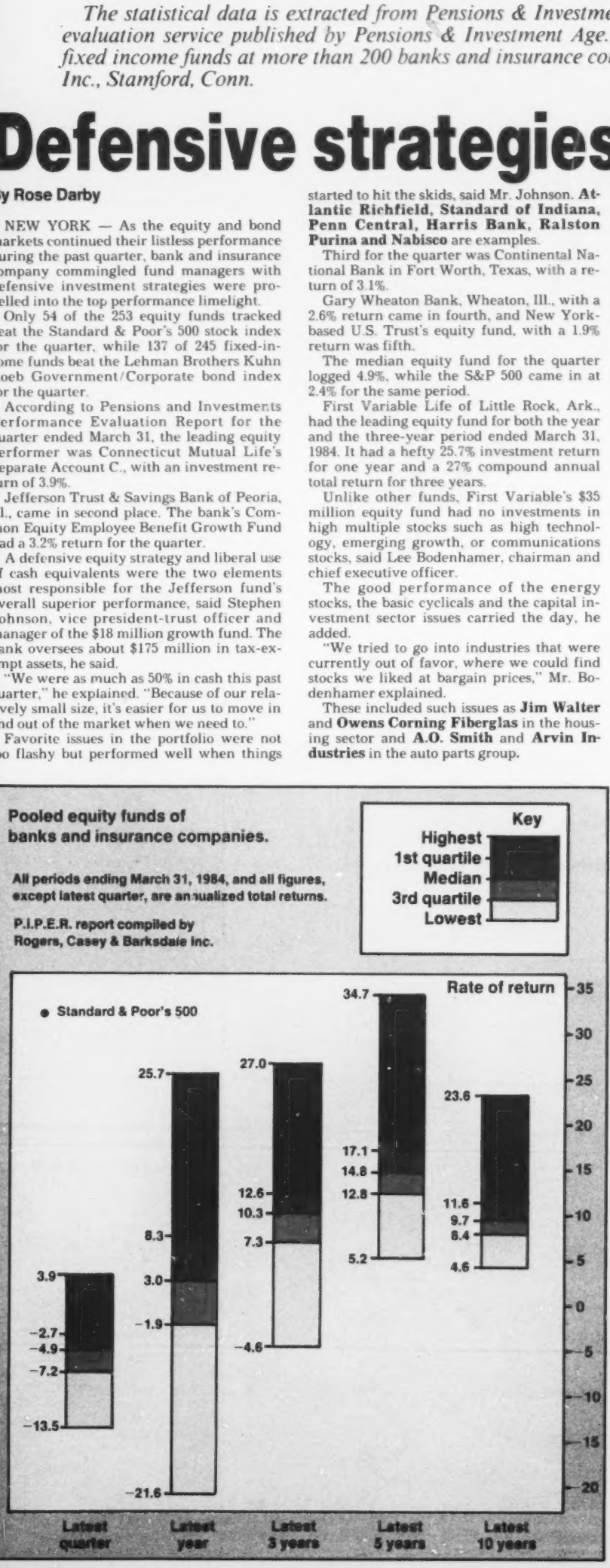
Pooled equity funds of banks and insurance companies.

All periods ending March 31, 1984, and all figures, except latest quarter, are annualized total returns.

P.I.P.E.R. report compiled by Rogers, Casey & Barksdale Inc.

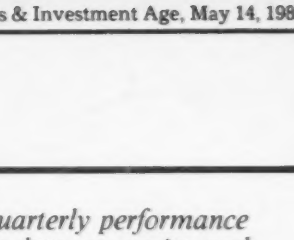


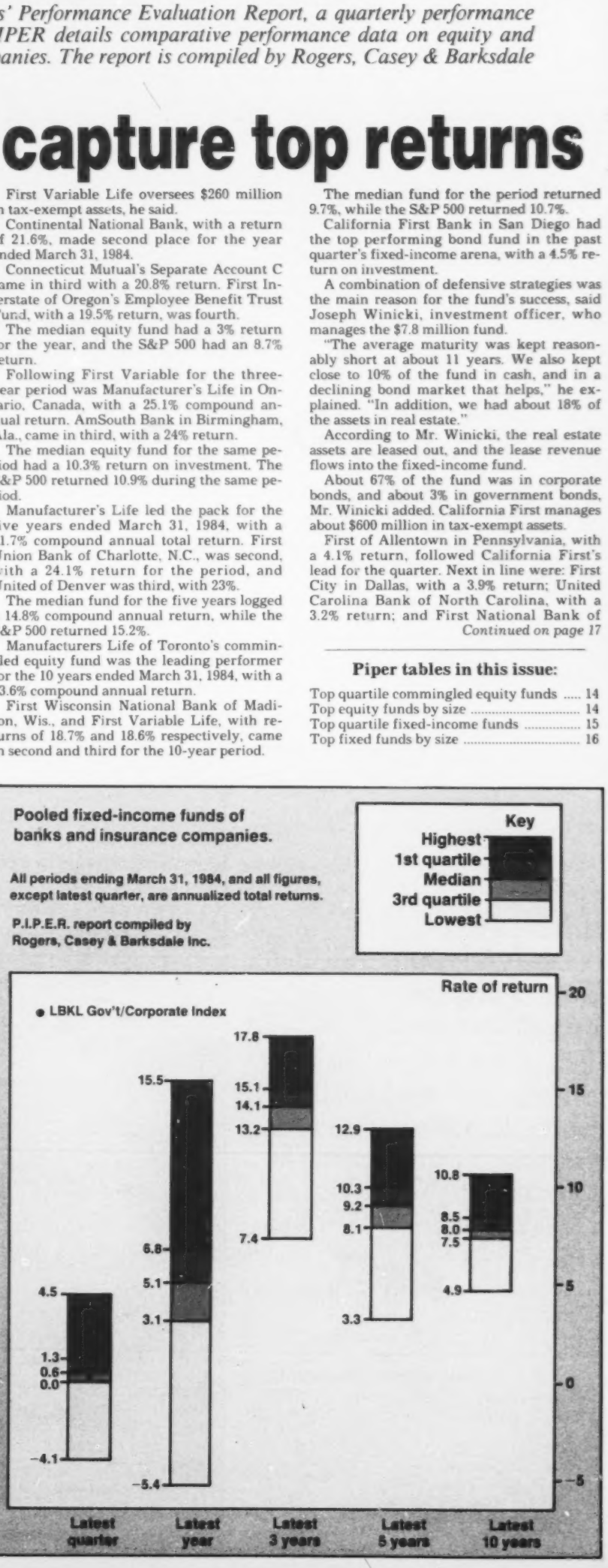


Pooled fixed-income funds of banks and insurance companies.

All periods ending March 31, 1984, and all figures, except latest quarter, are annualized total returns.

P.I.P.E.R. report compiled by Rogers, Casey & Barksdale Inc.





PIPER

Top quartile commingled equity funds

3-month returns

	%
Connecticut Mutual Life	3.9
Jefferson Trust, Ill.	3.2
Continental Natl. Bank, Texas	3.1
Gary Wheaton Bank, Ill.	2.6
US Trust, N.Y.	1.9
Confederation Life, Ont.	1.5
First Variable Life, Ark.	1.1
Irving Trust, N.Y.	1.0
Phoenix Mutual, Conn.	0.6
New Jersey National	0.5
First Interstate of Oregon	0.4
United Carolina Bank, N.C.	0.2
Greeley Natl., Colo.	0.2
First of Kenosha, Wis.	0.1
Union Central, Ohio	0.1
Bank of New England, Mass.	−0.2
Wachovia Bank, N.C.	−0.2
Bank of Oklahoma	−0.4
Fourth Natl., Tulsa, Okla.	−0.4
Ouachita Natl., La.	−0.5
Aetna Life & Casualty, Conn.	−0.5
Mercantile Safe, Md.	−0.6
AmeriTrust, Ohio	−0.6
Minnesota Mutual	−0.7
Bank of the West, Calif.	−0.7
Metropolitan Life, N.Y.	−0.8
Landmark Union Trust, Fla.	−0.9
Mid-State Bancorp, Pa.	−1.0
Valley Natl., Ariz.	−1.2
CREF, N.Y.	−1.2
Olympic Bank, Wash.	−1.4
First of Elgin, Ill.	−1.4
United Virginia Bank	−1.5
Lake Shore Natl., Ill.	−1.5
Natl. of Commerce, Tenn.	−1.5
US Natl., of Galveston, Texas	−1.6
Fifth Third Bank, Ohio	−1.7
Lincoln Natl., Ind.	−1.8
Cullen Bank, Texas	−1.8
Provident National, Pa.	−1.8
Nationwide Life Ins., Ohio	−1.9
First City Dallas, Texas	−1.9
Girard Bank, Pa.	−2.0
Massachusetts Mutual	−2.0
Old Kent, Mich.	−2.0
BancTexas, Dallas	−2.1
United Missouri, K.C.	−2.1
First of Bartlesville, Okla.	−2.2
Republic Natl., Dallas	−2.2
Mercantile Trust, Mo.	−2.3
Landmark First Natl., Fla.	−2.3
American Natl., Chicago	−2.3
Bankers Trust, N.Y.	−2.3
First Tennessee, Memphis	−2.4
Standard & Poor's 500	**−2.4**

1-year returns

	%
First Variable Life, Ark.	25.7
Continental Natl. Bank, Texas	21.6
Connecticut Mutual Life	20.8
First Interstate of Oregon	19.5
Irving Trust, N.Y.	18.7
Provident National, Pa.	18.6
Bank of New England, Mass.	18.5
Minnesota Mutual	17.4
US Trust, N.Y.	17.1
Union Central, Ohio	17.0
Mercantile Safe, Md.	16.6
Natl. of Commerce, Tenn.	16.4
Confederation Life, Ont.	16.0
First Union Bank, N.C.	15.6
Mercantile Trust, Md.	15.5
AmSouth, Ala.	15.2
Jefferson Trust, Ill.	14.3
Landmark Union Trust, Fla.	13.5
US Natl. of Galveston	13.4
AmeriTrust, Ohio	13.1
Sun Bank, Fla.	13.0
Massachusetts Mutual	12.9
Republic Natl., Dallas	12.7
First of Warsaw, Ind.	12.6
CREF, N.Y.	12.2
Manufacturers Life, Ont.	12.0
Fidelity Mgmt. Trust, Mass.	11.6
Life of Virginia	11.5
United of Denver	11.1
Mid-State Bancorp, Pa.	10.9
United Virginia Bank	10.9
Phoenix Mutual, Conn.	10.8
Fourth Natl., Tulsa	10.8
United Carolina Bank, N.C.	10.7
Midlantic Natl., N.J.	10.6
Guardian Insurance, N.Y.	10.6
Mellon Bank, Pa.	10.6
Lake Shore Natl., Ill.	10.4
Nationwide Life Ins., Ohio	10.4
Bank of Oklahoma	10.1
Bankers Trust, N.Y.	10.1

Top equity funds by size

1-year returns
Over $100 million

	%
Provident National, Pa.	18.6
Massachusetts Mutual	12.9
CREF, N.Y.	12.2
Fidelity Mgmt. Trust, Mass.	11.6
Life of Virginia	11.5
Bankers Life, Iowa	10.0
Aetna Life & Cas., Conn.	10.0
American Natl., Chicago	8.6
Metropolitan Life, N.Y.	8.2
First of Chicago	6.9

$50 million to $100 million

	%
US Trust, N.Y.	17.1
First Union Bank, N.C.	15.6
AmSouth, Ala.	15.2
AmeriTrust, Ohio	13.1
Republic Natl., Dallas	12.7
United Virginia Bank	10.9
Mellon Bank, Pa.	10.6
United Missouri, K.C.	9.5
John Hancock, Mass.	8.7
Old Kent, Mich.	8.6

$10 million to $50 million

	%
First Variable Life, Ark.	25.7
Connecticut Mutual Life	20.8
First Interstate of Oregon	19.5
Bank of New England	18.5
Minnesota Mutual	17.4
Mercantile Safe, Md.	16.6
Mercantile Trust, Mo.	15.5
Jefferson Trust, Ill.	14.3
Landmark Union Trust, Fla.	13.5
US Natl. of Galveston	13.4

Under $10 million

	%
Continental Natl., Texas	21.6
Irving Trust, N.Y.	18.7
Union Central, Ohio	17.0
Natl. of Commerce, Tenn.	16.4
Confederation Life, Ont.	16.0
First of Warsaw, Ind.	12.6
Mid-State Bancorp, Pa.	10.9
United Carolina Bank, N.C.	10.7
Lake Shore Natl., Ill.	10.4
Oregon Bank	10.0

10-year returns
Over $100 million

	%
US Natl. of Oregon	16.0
Bankers Life, Iowa	16.0
Aetna Life & Cas., Conn.	15.0
Provident Natl., Pa.	13.8
Massachusetts Mutual	13.6
Life of Virginia	12.8
Equitable Life, N.Y.	12.8
Mercantile at Dallas	12.7
CIGNA Corp., Conn.	11.7
Travelers, Conn.	10.6

$50 million to $100 million

	%
Bessemer Trust, N.Y.	16.8
AmSouth, Ala.	16.7
Denver Invt. Advisors	13.2
First Union Bank, N.C.	12.4
Northern Trust, Ill.	12.1
Chicago Title & Trust	11.9
First of America, Mich.	11.8
Hibernia Natl., La.	11.6
First Pennsylvania Bank	11.5
Sentry Life, Wis.	11.4

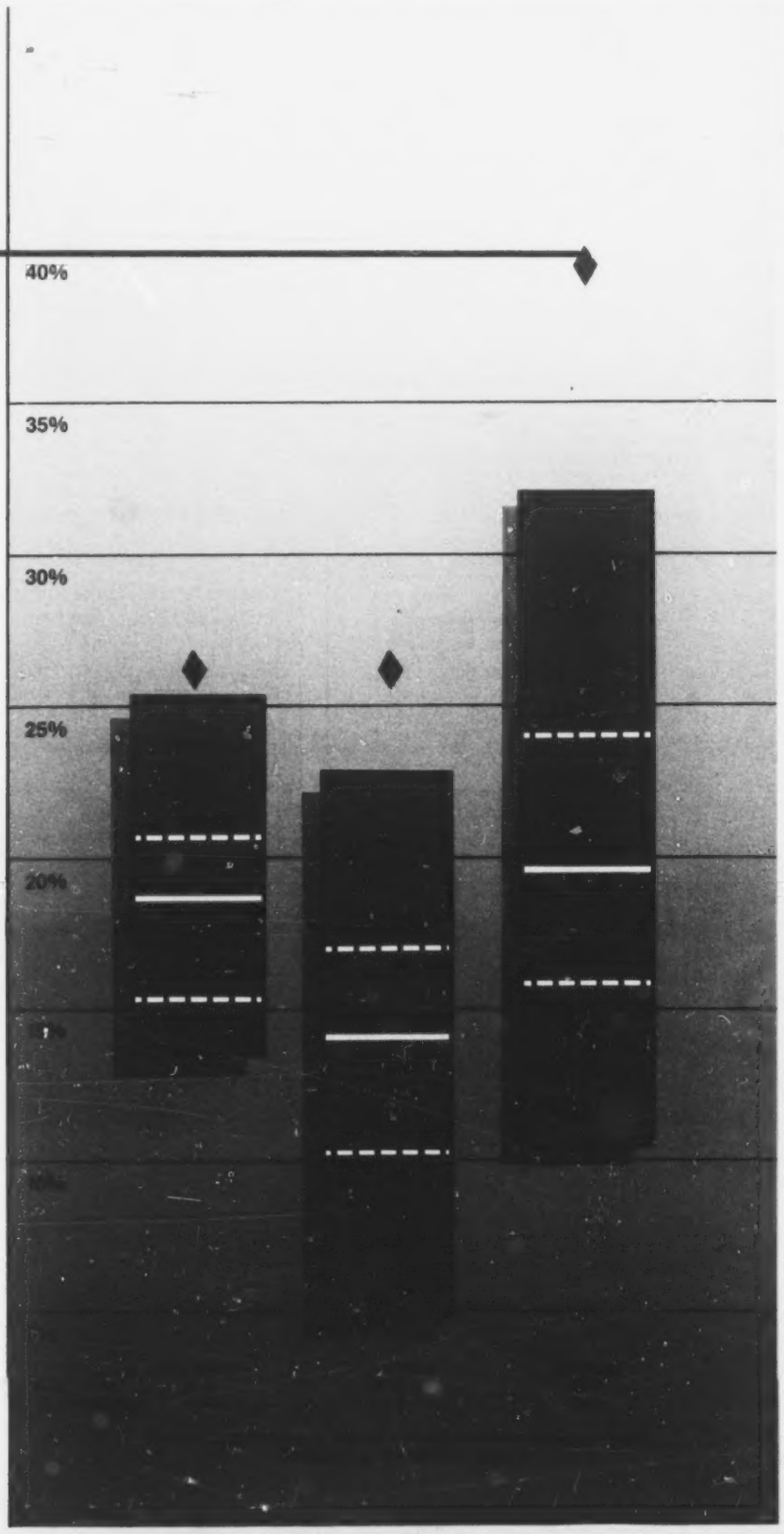
$10 million to $50 million

	%
Manufacturers Life, Ont.	23.6
First Wis. Natl., Madison	18.7
First Variable Life, Ark.	18.6
Guardian Insurance, N.Y.	18.0
US Natl. of Galveston	16.7
Employers Life of Wausau	15.4
First Trust Corp., Colo.	14.7
Landmark Union Trust, Fla.	14.5
United of Denver, Colo.	13.9
First of Oklahoma	13.5

Under $10 million

	%
Citizens Chillicothe, Mo.	16.7
Confederation Life, Ont.	16.2
Capital Bank-Houston	14.3
First of Kenosha, Wis.	13.3
Wheeling Dollar Bank	13.0
Continental Natl., Texas	12.6
Olympic Bank, Wash.	12.1
First Tennessee, Chat.	12.0
Union Central, Ohio	11.8
Pittsburgh Natl., Pa.	11.6

First Union Performs.



In fact, we've consistently outperformed 9 out of every 10 investment managers.

Take a look at First Union's performance results in the P.I.P.E.R. Survey. To get our investment team working for you, call Pete Nagle, Vice President, at (704) 374-6152.

FIRST UNION

Take a closer look.℠
1200 First Union Plaza
Charlotte, North Carolina 28288
Member FDIC.

Bankers Life, Iowa	10.0
Aetna Life & Cas., Conn.	10.0
Oregon Bank	10.0
Greeley Natl., Colo.	9.8
United Missouri, K.C.	9.5
Lincoln Natl., Ind.	9.5
BancTexas, Dallas	9.5
First Tennessee, Memphis	9.5
Valley Natl., Ariz.	9.4
Wheeling Dollar Bank, W. Va.	9.2
First of Kenosha, Wis.	9.2
Standard & Poor's 500	**8.7**
John Hancock, Mass.	8.7
Old Kent, Mich.	8.6
Lincoln Natl., Ind.	8.6
American Natl., Chicago	8.6
Marine Midland, N.Y.	8.6
Chicago Title & Trust	8.6
First Pennsylvania Bank	8.4
First of Bartlesville, Okla.	8.4
Dauphin Deposit, Pa.	8.3
Sovran Bank, Va.	8.3

3-year returns

	%
First Variable Life, Ark.	27.0
Manufacturers Life, Ont.	25.1
AmSouth, Ala.	24.0
First Union Bank, N.C.	22.9
Connecticut Mutual Life	21.5
United of Denver, Colo.	21.0
Sun Bank, Fla.	19.9
Resource Bank & Trust, Minn.	19.3
Minnesota Mutual	18.7
Union Central, Ohio	18.0
Huntington Banks, Ohio	17.7
US Natl. of Oregon	17.3
Dauphin Deposit, Pa.	17.3
Mid-State Bancorp, Pa.	17.0
Lake Shore Natl., Ill.	16.9
US Natl. of Galveston	16.9
Confederation Life, Ont.	16.6
United Carolina Bank, N.C.	16.6
Nationwide Life Ins., Ohio	16.1
Provident National, Pa.	16.0
Fifth Third Bank, Ohio	16.0
First of Oklahoma	15.9
First Interstate of Oregon	15.5
Landmark Union Trust, Fla.	15.3
Midlantic National, N.J.	15.2
Massachusetts Mutual	15.2
Whelling Dollar Bank, W. Va.	15.2
Natl. of Commerce, Tenn.	15.2
Continental Natl. Bank, Texas	15.2
Guardian Insurance, N.Y.	15.2
Employers Life of Wausau, Wis.	14.9
First Bank Milwaukee	14.9
Aetna Life & Casualty, Conn.	14.9
American National, Chicago	14.8
Citizens Trust Co., Wis.	14.7
Fourth Natl., Tulsa	14.7
Midlantic National, N.J.	14 7
United Virginia Bank	14.6
First of Warsaw, Ind.	14.6
Seattle Trust, Wash.	14.5
Merchants Natl., Ala.	14.4
Manufacturers Detroit	14.4
Irving Trust, N.Y.	14.4
First Wis. Natl., Madison	14.3
First Interstate of Nevada	14.2
First Tennessee, Memphis	14.1
Olympic Bank, Wash.	14.1
Jefferson Trust, Ill.	14.1
Mercantile Safe, Md.	13.9
First Citizens, N.C.	13.8
First Tennessee, Chat.	13.8
Gary Wheaton Bank, Ill.	13.7
Security Trust, Rochester	13.6
First Pennsylvania Bank	13.5
AmeriTrust, Ohio	13.4
Southeast Bank, Fla.	13.3
Bank of Delaware	13.1
Society National, Ohio	13.0
Union Planters, Tenn.	12.9
CREF, N.Y.	12.8
Central Natl., Cleveland	12.7
United Missouri, K.C.	12.6
Standard & Poor's 500	**10.9**

5-year returns

	%
Manufacturers Life, Ont.	31.7
First Union Bank, N.C.	24.1
United of Denver	23.0
Denver Invt. Advisors	22.9
Employers Life of Wausau, Wis.	22.8
Provident National, Pa.	21.8
US National of Oregon	21.7
First of Oklahoma	21.5
First Variable Life, Ark.	21.5
AmSouth, Ala.	21.4
Equitable Life, N.Y.	21.1
Bessemer Trust, N.Y.	21.1
Connecticut Mutual Life	20.9
Mercantile at Dallas	20.2
Home Life, N.Y.	20.1
Citizens Chillicothe, Mo.	20.0
Confederation Life, Ont.	19.9
First Interstate of Nevada	19.9
First Wis. Natl., Madison	19.8
Sun Bank, Fla.	19.6
US Natl. of Galveston	19.5
Wheeling Dollar Bank, W. Va.	19.2
Aetna Life & Casualty, Conn.	19.0
Philadelphia Natl., Pa.	18.9
Massachusetts Mutual	18.8
Texas Commerce	18.8
Huntington Banks, Ohio	18.6
Continental Natl. Bank, Texas	18.6
Minnesota Mutual	18.6
Guardian Insurance, N.Y.	18.5
Mercantile Safe, Md.	18.4
Dauphin Deposit, Pa.	18.4
Lake Shore Natl., Ill.	18.4
First Trust Corp., Colo.	18.4
Penn Mutual Life, Pa.	18.1
IAA Trust Co., Ill.	18.1
Bankers Life, Iowa	18.0
Fifth Third Bank, Ohio	18.0
First Natl. of Commerce, La.	17.9
Union Central, Ohio	17.9
Landmark Union Trust, Fla.	17.9
Fourth Natl., Tulsa	17.9
State Street Bank, Mass.	17.7
Girard Bank, Pa.	17.6
United Virginia Bank	17.6
Natl. of Commerce, Neb.	17.6
Equitable Bank, Md.	17.5
First Tennessee, Memphis	17.5
Unibanctrust, Ill.	17.5
Rainier National, Wash.	17.4
Northern Trust, Ill.	17.4
Phoenix Mutual, Conn.	17.4
First Interstate of Oregon	17.3
Natl. City, Cleveland	17.3
Nationwide Life Ins., Ohio	17.3
American Security, D.C.	17.2
Manufacturers Detroit	17.2
Mid-State Bancorp, Pa.	17.1
Southeast Bank, Fla.	17.1
Standard & Poor's 500	**15.2**

10-year returns

	%
Manufacturers Life, Ont.	23.6
First Wis. Natl., Madison	18.7
First Variable Life, Ark.	18.6
Guardian Insurance, N.Y.	18.0
Bessemer Trust, N.Y.	16.8
AmSouth, Ala.	16.7
US Natl. of Galveston	16.7
Citizens Chillicothe, Mo.	16.7
Confederation Life, Ont.	16.2
US Natl. of Oregon	16.0
Bankers Life, Iowa	16.0
Employers Life of Wausau, Wis.	15.4
Aetna Life & Casualty, Conn.	15.0
First Trust Corp., Colo.	14.7
Landmark Union Trust, Fla.	14.5
Capital Bank-Houston	14.3
United of Denver	13.9
Provident National, Pa.	13.8
Massachusetts Mutual	13.6
First of Oklahoma	13.5
Minnesota Mutual	13.5
Fifth Third Bank, Ohio	13.4
Natl. of Commerce, Neb.	13.3
Liberty National, Okla.	13.3
First of Kenosha, Wis.	13.3
Home Life, N.Y.	13.2
Denver Invest. Advisors	13.2
Nationwide Life Ins., Ohio	13.1
Penn Mutual Life, Pa.	13.1
Wheeling Dollar Bank, W. Va.	13.0
Life of Virginia	12.8
Equitable Life, N.Y.	12.8
First Interstate of Wash.	12.7
Mercantile at Dallas	12.7
Continental Natl. Bank, Texas	12.6
Phoenix Mutual, Conn.	12.5
First Union Bank, N.C.	12.4
Olympic Bank, Wash.	12.1
Northern Trust, Ill.	12.1
First Interstate of Oregon	12.1
First Tennessee, Chat.	12.0
Natl. City Cleveland	11.9
Chicago Title & Trust	11.9
Connecticut Mutual Life	11.9
Union Central, Ohio	11.8
Jefferson Trust, Ill.	11.8
First of America, Mich.	11.8
Bank of Oklahoma	11.7
CIGNA Corp., Conn.	11.7
Hibernia National, La.	11.6
Pittsburgh Natl., Pa.	11.6
Security Trust, Rochester	11.6
Standard & Poor's 500	**10.7**

Top quartile commingled fixed-income funds

3-month returns

	%
California First Bank	4.5
First of Allentown, Pa.	4 1
First City Dallas	3.9

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PIPER

United Carolina Bank, N.C.	3.2
First Natl., Jackson, Miss.	3.1
Wilmington Trust, Del.	3.1
Puget Sound Natl., Wash.	2.7
First Citizens, N.C.	2.4
Pacific Mutual, Calif.	2.3
First Variable Life, Ark.	2.3
Mercantile at Dallas	2.2
First of Pennsylvania, Erie	2.2
Equibank, Pa.	2.1
Old Second Natl., Ill.	2.0
Merchants Natl., Ala.	1.9
First of Elgin, Ill.	1.9
Lake Shore Natl., Ill.	1.9
AmeriTrust, Ohio	1.9
Hamilton Bank, Pa.	1.9
Heritage Trust, Wis.	1.9
County Bank of St. Louis	1.9
John Hancock, Mass.	1.9
Ouachita Natl., La.	1.8
Union Natl., Wichita, Kans.	1.8
First Bank Milwaukee	1.8
Fidelity Bank, Pa.	1.8
Prudential, N.J.	1.8
Bankers Trust, N.Y.	1.7
Northern Trust, Ill.	1.7
First of Mobile, Ala.	1.7
General American, Mo.	1.7
AmSouth, Ala.	1.7
Sovran Bank, Va.	1.7
Continental Natl., Texas	1.7
Mercantile Safe, Md.	1.6
Equitable Bank, Md.	1.6
Gary Wheaton Bank, Ill.	1.6
Marine Trust, Wis.	1.6
First Union Bank, N.C.	1.6
First Natl. of Commerce, La.	1.5
First Natl. State, N.J.	1.5
Life of Virginia	1.5
Jefferson Trust, Ill.	1.5
Irwin Union Bank, Ind.	1.5
Morgan Guaranty, N.Y.	1.5
Interfirst Invt. Mgmt., Texas	1.5
Old Kent, Mich.	1.4
United Missouri, K.C.	1.4
Marquette Natl., Minn.	1.4
State Street Bank, Mass.	1.4
Comerica Bank, Mich.	1.4
Mutual of New York	1.4
First of Grand Island, Neb.	1.4
IAA Trust Co., Ill.	1.4
Trust Svcs. of Amer., Calif.	1.4
American Fletcher, Ind.	1.3
Central Fid., Lynchburg, Va.	1.3
Mid-State Bancorp, Pa.	1.3
Pioneer Bank, Ill.	1.3
Mellon Bank, Pa.	1.3
Prudential, N.J.	1.3
American Bank, Tenn.	1.3
Ohio Citizens Trust	1.3
Mich. Natl. of Grand Rapids	1.3
Texas American Bank	1.3
LBKL Index	**0.5**

1-year returns

	%
Security Pacific, Calif.	15.5
First Natl., Jackson, Miss.	12.4
First Variable Life, Ark.	10.3
First City Dallas	10.1
Ouachita Natl., La.	10.1
Central Fid., Lynchburg, Va.	10.1
Mutual of New York	10.0
California First Bank	9.9
First Citizens, N.C.	9.5
Lake Shore Natl., Ill.	8.9
First of Elgin, Ill.	8.6
AmeriTrust, Ohio	8.6
Merchants Natl., Ala.	8.5
County Bank of St. Louis	8.5
Prudential, N.J.	8.4
First of Grand Island, Neb.	8.3
State Street Bank, Mass.	8.2
First of Bartlesville, Okla.	8.1
Northern Trust, Ill.	8.1
Marquette Natl., Minn.	8.1
Pioneer Bank, Ill.	8.0
First of Pennsylvania, Erie	8.0
Gary Wheaton Bank, Ill.	8.0
Mid-State Bancorp, Pa.	8.0
AmSouth, Ala.	8.0
First of Neenah, Wis.	7.9
United Carolina Bank, N.C.	7.9
Riggs of Washington	7.8
Continental Natl., Texas	7.8
Old Second Natl., Ill.	7.7
Marine Bank, Pa.	7.6
American Fletcher, Ind.	7.6
Mercantile Safe, Md.	7.5
American Bank, Tenn.	7.5
Puget Sound Natl., Wash.	7.4
Olympic Bank, Wash.	7.4
Hamilton Bank, Pa.	7.4
Old Kent, Mich.	7.4

When there already seem to be enough investment management firms, why start a new one?

AN INTERVIEW WITH SAMSON WANG, PRESIDENT, BEACON CAPITAL MANAGEMENT.

What can you offer that hasn't already been offered? Well, we think that Beacon's particular mix of thorough research, distinctive qualitative and quantitative analysis and, perhaps most of all, excellent personnel can provide clients with superior service. And, of course, results. We think there's always a place for that.

Do you manage any money now? Yes. We manage some $900 million for just under twenty clients.

Do you specialize in any particular kind of client? Yes. Tax exempt funds. However, a critical part of our philosophy is to keep the number of clients limited. We'll never sacrifice quality just to add a few zeros to the bottom line.

What can you offer clients that much larger firms can't? Flexibility. Personal attention. A lack of bureaucracy. In short, a streamlined approach that is crucial to reacting quickly to the market and a client's needs.

What about a key ingredient–experience? I'm glad you asked. Beacon's investment team has a broad experience in research and portfolio management. In fact, on average each person on our staff has *17 years* of experience.

Do you have a "black box"? A special secret for unfolding the mysteries of the market? Well, if you mean something like a magic wand that illuminates every problem, no. If you mean a disciplined approach that includes research, analysis, experience and a sense of acuity–yes.

Most firms rely heavily, if not totally, on the insights of a few "stars." In this case, it would be you. Is that true of Beacon? No. I'm the President, true. But Beacon's talents and capabilities are very broadly based.

You're associated with a major bank. In the past such a link has slowed down some investment decisions. What about Beacon? We don't foresee that. We're quite independent.

In everything? That's right.

Can you work miracles? Once in a while, yes. The rest of the time we'll settle for a reasonable triumph.

Any specific recommendations for 1984? Sure. Just call us for an appointment: (212) 530-3758.

Beacon Capital Management

Top fixed funds by size

1-year returns

Over $100 million

	%
Prudential, N.J.	8.4
Comerica Bank, Mich.	7.0
Prudential, N.J.	6.2
Citibank, N.Y.	4.9
CIGNA Corp., Conn.	4.5
Irving Trust, N.Y.	4.3
Natl. Bank of Detroit	4.1
First of Chicago	4.0
Chemical Bank, N.Y.	3.9
Harris Trust, Ill.	3.0

$50 million to $100 million

	%
Interfirst Invt. Mgmt., Texas	6.6
First Union Bank, N.C.	6.6
Mutual of New York	6.5
Midlantic Natl., N.J.	6.4
Fidelity Bank, Pa.	5.8
American Natl., Chicago	5.7
John Hancock, Mass.	5.0
Marine Midland, N.Y.	5.0
Norwest Bank, Minn.	4.5
Girard Bank, Pa.	4.1

$10 million to $50 million

	%
Security Pacific, Calif.	15.5
First Natl., Jackson	12.4
Ouachita Natl., La.	10.1
AmeriTrust, Ohio	8.6
State Street Bank, Mass.	8.2
Riggs of Washington	7.8
American Fletcher, Ind.	7.6
Mercantile Safe, Md.	7.5
American Bank, Tenn.	7.5
Hamilton Bank, Pa.	7.4

Under $10 million

	%
First Variable Life, Ark.	10.3
First City Dallas	10.1
Central Fid. Lynchburg, Va.	10.1
Mutual of New York	10.0
California First Bank	9.9
First Citizens, N.C.	9.5
Lake Shore Natl., Ill.	8.9
First of Elgin, Ill.	8.6
Merchants Natl., Ala.	8.5
County Bank of St. Louis	8.5

10-year returns

Over $100 million

	%
American Security, D.C.	10.6
Texas Commerce	9.4
Manufacturers Hanover, N.Y.	9.4
US Trust, N.Y.	9.1
CIGNA Corp., Conn.	9.1
Centerre Trust, Mo.	9.0
Citibank, N.Y.	8.4
Irving Trust, N.Y.	8.3
Wachovia Bank, N.C.	8.3
Natl. Bank of Detroit	8.2

$50 million to $100 million

	%
Hibernia National, La.	10.4
Fidelity Bank, Pa.	10.0
American Natl., Chicago	8.8
John Hancock, Mass.	8.4
First Union Bank, N.C.	8.2
Midlantic Natl., N.J.	8.0
Girard Bank, Pa.	8.0
Northern Trust, Ill.	7.9
Denver Invt. Advisors	7.9
Comerica Bank, Mich.	7.7

$10 million to $50 million

	%
First Merch., Richmond	10.5
Fourth Natl., Wichita	10.4
Jefferson Trust, Ill.	10.1
Commerce Union, Tenn.	9.7
Cullen Bank, Texas	9.6
Seattle First Natl.	9.6
Fidelity Union, N.J.	9.6
Mercantile Trust, Mo.	9.5
First Jersey Natl., N.J.	9.4
First Interstate of Calif.	9.4

Under $10 million

	%
Pacific Mutual, Calif.	10.8
California First Bank	9.7
Beverly Bank, Ill.	9.5
First of Neenah, Wis.	9.2
Oregon Bank	9.1
Allied Bank, Texas	9.0
First of Bartlesville, Okla.	9.0
Puget Sound Natl., Wash.	8.9
First of Pennsylvania, Erie	8.6
Penn Bank, Pa.	8.6

Toledo Trust, Ohio	7.4
Bank of Oklahoma	7.3
Morgan Guaranty, N.Y.	7.3
Old Second Natl., Ill.	7.3
First of South Dakota	7.2
United Missouri, K.C.	7.2
Society Natl., Ohio	7.2
Fourth Natl., Tulsa, Okla.	7.2
First of Mobile, Ala.	7.2
Bankers Trust, N.Y.	7.2
Mellon Bank, Pa.	7.1
Heritage Trust, Wis.	7.1
IAA Trust Co., Ill.	7.1
Southeast Bank, Fla.	7.1
Mich. Natl. of Grand Rapids	7.1
General American, Md.	7.1
Merchants Natl., Iowa	7.0
Oregon Bank	7.0
Comerica Bank, Mich.	7.0
Ohio Citizens Trust	6.9
Pacific Mutual, Calif.	6.9
Jefferson Trust, Ill.	6.9
First of Neenah, Wis.	6.8
Fidelity Natl., La.	6.8
First Interstate of Calif.	6.8
Moline National, Ill.	6.8
LBKL Index	**5.2**

3-year returns

	%
Sovran Bank, Va.	17.8
Mutual of New York	17.7
First Kentucky Trust	17.6
Life of Virginia	17.5
Pacific Mutual, Calif.	17.1
State Street Bank, Mass.	16.7
Cullen Bank, Texas	16.6
First Variable Life, Ark.	16.5
Central Fid., Lynchburg, Va.	16.4
Allied Bank, Texas	16.4
Bankers Trust, N.Y.	16.4
First Natl. State, N.J.	16.3
American Security, D.C.	16.3
Marine Midland, N.Y.	16.3
Citibank, N.Y.	16.2
Lloyds Bank, Calif.	16.2
Union Planters, Tenn.	16.2
Central Natl., Cleveland	16.1
Pioneer Bank, Ill.	16.1
Ohio Citizens Trust	16.1
Mutual of New York	16.0
Trust Svcs. of Amer., Calif.	16.0
John Hancock, Mass.	16.0
First of Maryland	16.0
First Interstate of Calif.	16.0
Toledo Trust, Ohio	16.0
Society Natl., Ohio	15.9
Security Natl. Bank, W. Va.	15.9
Girard Bank, Pa.	15.9
IAA Trust Co., Ill.	15.9
California First Bank	15.8
Mercantile Trust, Mo.	15.8
Marine Trust, Wis.	15.8
CIGNA Corp., Conn.	15.8
Beverly Bank, Ill.	15.7
Fidelity Bank, Pa.	15.7
Wheeling Dollar Bank, W. Va.	15.7
First Bank, Milwaukee	15.7
Riggs of Washington	15.7
First Wis. Natl., Madison	15.6
Hamilton Bank, Pa.	15.6
Morgan Guaranty, N.Y.	15.5
Genesee Merchants, Mich.	15.5
Liberty Natl., Okla.	15.5
Crocker National, Calif.	15.5
Commonwealth Natl., Pa.	15.5
Key Trust Co., N.Y.	15.4
Wachovia Bank, N.C.	15.4
United of Denver, Colo.	15.3
Lincoln National, Ind.	15.3
Texas American Bank	15.3
Connecticut National Bank	15.2
Irving Trust, N.Y.	15.2
Gary Wheaton Bank, Ill.	15.2
Denver Invt. Advisors, Colo.	15.2
First of Allentown, Pa.	15.2
American Bank, Tenn.	15.2
Northern Trust, Ill.	15.1
Peoples Trust, Ind.	15.1
First of Neenah, Wis.	15.1
United Virginia Bank	15.1
First of Warsaw, Ind.	15.1
LBKL Index	**14.9**

5-year returns

	%
Northern Trust, Ill.	12.9
Sovran Bank, Va.	12.8
Fourth Natl., Wichita, Kan.	12.7
Texas Commerce	12.5
AmeriTrust, Ohio	12.4
Seattle First Natl.	12.1
Jefferson Trust, Ill.	12.1
Interfirst Invt. Mgmt., Texas	12.1
Cullen Bank, Texas	12.0
Beverly Bank, Ill.	11.8
Fidelity Bank, Pa.	11.7
Hibernia Natl., La.	11.7
Pacific Mutual, Calif.	11.5
Riggs of Washington	11.5
First of Kansas City	11.4
Allied Bank, Texas	11.3
Bankers Trust, N.Y.	11.3
First Jersey Natl., N.J.	11.3
Mercantile Trust, Mo.	11.2
First of Pennsylvania, Erie	11.2
American Security, D.C.	11.1
Manufacturers Hanover, N.Y.	11.1
Fidelity Union, N.J.	11.1
Mid-State Bancorp, Pa.	11.0
Bank of New England	10.9
American Bank, Tenn.	10.9
First Interstate of Calif.	10.9
First Kentucky Trust	10.9
First Variable Life, Ark.	10.9
First of Neenah, Wis.	10.7
First Natl., Jackson, Miss.	10.7
Boatmen's Natl., Mo.	10.7
Marine Trust, Wis.	10.7
First Bank Milwaukee	10.6
County Bank of St. Louis	10.6
Life of Virginia	10.6
Toledo Trust	10.6
First of Maryland	10.6
Central Fid., Lynchburg, Va.	10.5
Morgan Guaranty, N.Y.	10.5
Oregon Bank	10.5
First of Neenah, (LTB), Wis.	10.5
First of Neenah, (Mtg.), Wis.	10.5
Hamilton Bank, Pa.	10.5
Puget Sound Natl., Wash.	10.4
First Natl. of Commerce, La.	10.4
American Natl., Chicago	10.4
Gary Wheaton Bank, Ill.	10.4
Commerce Union, Tenn.	10.4
Landmark Union Trust, Fla.	10.4
First of Elgin, Ill.	10.4
First Wis. Natl., Madison	10.4
Continental Natl., Texas	10.3
Penn Bank, Pa.	10.3
First of Bartlesville, Okla.	10.3
LBKL Index	**9.4**

10-year returns

	%
Pacific Mutual, Calif.	10.8
American Security, D.C.	10.6
Sovran Bank, Va.	10.5
Hibernia National, La.	10.4
Fourth Natl., Wichita, Kan.	10.4
Jefferson Trust, Ill.	10.1
Fidelity Bank, Pa.	10.0
California First Bank	9.7
Commerce Union, Tenn.	9.7
Cullen Bank, Texas	9.6
Seattle First Natl., Wash.	9.6
Fidelity Union, N.J.	9.6
Mercantile Trust, Mo.	9.5
Beverly Bank, Ill.	9.5
Texas Commerce	9.4
First Jersey Natl., N.J.	9.4
First Interstate of Calif.	9.4
Manufacturers Hanover, N.Y.	9.4
Bankers Trust, N.Y.	9.3
First of Neenah, Wis.	9.2
Oregon Bank	9.1
US Trust, N.Y.	9.1
CIGNA Corp., Conn.	9.1
Allied Bank, Texas	9.0
Centerre Trust, Mo.	9.0
First of Bartlesville, Okla.	9.0
First Wis. Natl., Madison	9.0
Riggs of Washington	8.9
First Kentucky Trust	8.9
Summit & Elizabeth, N.J.	8.9
Puget Sound Natl., Wash.	8.9
American Natl., Chicago	8.8
American Bank, Tenn.	8.7
Mercantile Safe, Md.	8.7
First of Pennsylvania, Erie	8.6
United Missouri, K.C.	8.6
Penn Bank, Pa.	8.6
Manufacturers Detroit, Mich.	8.6
United of Denver, Colo.	8.6
Landmark Union Trust, Fla.	8.5
Bankers Trust, N.Y.	8.5
United Virginia Bank	8.5
Massachusetts Mutual	8.5
American Fletcher, Ind.	8.5
Third Natl., Nashville	8.5
Crocker National, Calif.	8.5
Citizens Fidelity, Ky.	8.5
Union Planters, Tenn.	8.5
Lincoln National, Ind.	8.5
LBKL Index	**8.3**

Look for master trust directory, May 28 issue.

Top PIPER funds . . .

Continued from page 13

Jackson, Miss., with a 3.1% return.

The Lehman Brothers Kuhn Loeb Government/Corporate bond index returned 0.5% for the quarter ended March 31, 1984; the median PIPER bond fund logged a 0.6% return for the same period.

The top fixed-income performer for the year ended March 31, 1984, was Security Pacific in Los Angeles, with a 15.5% return. First National of Jackson took second place, with a 12.4% return; and First Variable Life in Arkansas was third, with a 10.3% return.

The median bond fund for the year earned a 5.1% return on investment, while the Lehman Brothers bond index logged a 5.2% return.

First Merchant's Bank of Richmond, Va., with a 17.8% compound annual total return, was the champion fixed-income fund for the three years ended March 31, 1984. Running a very close second and third were Mutual of New York's Private Placement Fund, with a 17.7% return, and First Kentucky Trust in Louisville, returning 17.6%.

The median PIPER fixed-income fund for the three-year period logged a 14.1% compound annual return. The Lehman index returned 14.9%.

For the five years ended March 31, 1984, Northern Trust Co. of Chicago's Intermediate Fund had a 12.9% compound annual return making it the winner on the fixed-income side.

Placing second and third for the five-year period were First Merchant's of Richmond, Va., with a 12.8% return, and Fourth National Wichita's Employee Benefit Fixed Income Fund, with a 12.7% return.

The median fixed-income fund in PIPER had a 9.2% return for the five-year period, while the Lehman bond index had a 9.4% return.

Pacific Mutual Life in Newport Beach, Calif., with a 10.8% investment return was the fixed-income leader for the 10 years ended March 31, 1984. It was followed by American Security in Washington with a 10.6% return and First Merchant's of Richmond's Common Trust Fund, with a 10.5% return.

The median PIPER fixed-income fund for the 10-year period had a return on investment of 8%. The index returned 8.3%. ■

Pensions & Investment Age **will run Pensions & Investments' Performance Evaluation Report of special equity funds in the May 28 issue.**

The full PIPER report is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.

Information from the report is extracted and published quarterly in regular issues of *P&I Age*.

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H. Russell Irving
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Phoenix Institutional Investment Services

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Pensions & Investment Age

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Textron, Lehndorff pool

Plans fund D.C. site

By Mark Westerbeck

WASHINGTON — Four pension funds and a closed-end pool still in the capital-raising stage are financing the development and partial ownership of an $82.5 million office building on a prominent Pennsylvania Avenue site.

Cadillac Fairview Urban Development Inc., the U.S. subsidiary of the Toronto-based real estate developer, will build the 14-story structure for the $900 million Textron Inc. retirement funds, three other large pension funds and the commingled fund run by Lehndorff & Babson Real Estate Counsel Inc., which organized the financing.

The three other pension funds are believed to be Atlantic Richfield Co., United Technologies Corp. and Dow Chemical Co. Officials of the three funds declined to confirm their participation.

Lehndorff acts as general partner for the pension accounts partnership, which, in turn, invests as a limited partner in the ownership entity, of which the Cadillac Fairview affiliate is general partner.

Lehndorff executives and other principals in the deal refused to discuss the identities of the participating funds or the financial details of the transaction.

Construction began May 22 on the 435,000-leaseable-square-foot building to be known by its address, 1001 Pennsylvania Ave. It will take up a block between 10th and 11th streets, almost midway between the White House and the Capitol.

The investment is unusual in that so many pension accounts are pulling together in a syndicate for both construction lending and equity ownership upon completion.

The project gives the pension funds the opportunity to avoid paying top dollar on a leased-up property.

"It's one of the most unique office locations we've ever looked at," said John D. Gourley, president of Lehndorff & Babson.

"Washington is a market where it's very rare (that) first-class buildings ever come up for sale, and even buildings in the second tier that come into the market are priced fully."

Rents on Washington offices are in the $20 to $35 per square foot range, and this property would be at the high end of that range. Construction is expected to take less than two years.

This is the first time U.S. Cadil

Continued on page 58

Construction began May 22 on 1001 Pennsylvania Ave., an $82.5 million office building, in Washington

LTV and Republic to combine plans

By Nancy K. Webman

DALLAS — The LTV Corp. and Republic Steel Corp. will consolidate their pension fund asset management in Dallas once the merger of the two companies is complete.

Dennis J. Hamilton, who oversees Republic's pension fund, will become director of employee benefit fund investments for LTV, said George Simon, LTV's director of employee benefit trust administration.

He said Mr. Hamilton will be responsible for external managers and "the internally managed portion of the combined funds."

Mr. Hamilton replaces Ed Robie, who left last year to manage fixed-income portfolios for Mellon Bank.

Mr. Hamilton is president and chief operating officer of Western Reserve Asset Management Inc., a wholly owned investment management subsidiary of Republic Steel. Western Reserve manages about $620 million of Republic's $1 billion pension fund in-house.

When the merger is effective — possibly next month — Mr. Hamilton will be in charge of investing about $2.5 billion in pension assets, of which about $1.5 billion is LTV's He will be performing both his and Mr. Robie's duties.

Mr. Simon repeatedly said "it's just too early" to say how the consolidation will alter the pension investments of the two companies.

For example, he said he does not know whether Western Reserve will continue to exist. "Will the management subsidiary be maintained? We don't know," he said.

He did say, however, that the "intent is to bring (Mr. Hamilton's) group" to Dallas. According to *Pensions & Investment Age's* profiles of investment management firms, Western Reserve has five portfolio managers, and manages money for Republic Steel subsidiaries.

Mr. Simon said officials of the merged companies don't know whether any LTV pension assets will be brought in-house. Such a move seems likely since more than half of Republic's assets already are managed internally by Mr. Hamilton's staff. Also, long before the merger, LTV pension officials were discussing internal management for a portion of LTV's fund.

"We will manage money in-house. Exactly what it will be, we don't know," Mr. Simon said. ■

Dennis Hamilton

Ohio fund corrals Ponderosa stock

By Kimberly Blanton

DAYTON, Ohio — Ponderosa Inc. sold 1.5 million shares of common stock to the Ohio Public Employees Retirement System, the largest stake, 16%, held by any investor.

The sale of a such a large block of stock to one investor is unusual. The Ohio fund's chief investment officer, Robert McLaughlin, could not think of any other company of Ponderosa's size that has such a large block of stock held by one pension-fund investor. Pension funds sometimes are large financial backers to venture capital companies, however.

This transaction brings to 9.5 million the number of Ponderosa shares outstanding. The newly issued stock was sold at $20 per share, slightly below the $20.25 closing price May 16, the date of the Securities and Exchange Commission filing. On May 21, a few days after the sale, Ponderosa stock, which is traded on the New York Stock Exchange, closed lower, at $19.25.

As a major holder of Ponderosa stock, Mr. McLaughlin believes the fund will be in a position to profit substantially from the company's success, more so than if it were a small shareholder.

"When you own that much (of a company's stock), you own part of the corporation," he explained.

A major advantage to Ponderosa is that it probably saved $600,000 in underwriting fees, which can run 2% of the dollar value of an offering.

In a private placement of stock such as this, a company typically hires an investment banker to find investors. However, the Ohio public fund already had contact with Ponderosa, and the need for an un

Continued on page 58

Late news

Equitable Life spinoff

NEW YORK — The Equitable Life Assurance Society of the U.S. will spin off its real estate operations into a group of subsidiaries under one holding company, becoming the country's largest real estate firm.

Valued at $20 billion, the chief component of the Equitable Real Estate Group Inc. will be Equitable Real Estate Investment Management Inc. It will include its pension fund realty advisory operation.

PBGC guidelines out

WASHINGTON — The Reagan administration released long-awaited guidelines permitting some spinoff/terminations, and the termination of one defined benefit

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Directed trades offer reductions

By Rose Darby

NEW YORK — Directing trades through specific brokers in return for a cash rebate or lower commission is taking on increased importance for pension executives.

Several pension funds, including Honeywell Inc. and Delta Airlines Inc., are said to be benefiting from the practice by recouping significant sums for their plans.

The practice has caught on particularly in light of rising commission rates.

While many brokers won't acknowledge participating in the practice, it is believed up to 2% of total volume is handled through brokerage reduction-type services.

The need for such commission reductions has increased along with the bull market of the past few years.

For instance, along with volume on the New York Stock Exchange increasing in the past 12 months to 21.6 billion shares from 11.9 billion,

The practice has caught on particularly in light of rising commission rates. While many brokers won't acknowledge participating in the practice, it is believed up to 2% of total volume is handled through brokerage reduction-type services

commission rates have moved up, too.

Commissions charged institutions increased to record levels during last year, according to a study by Greenwich Research Associates, Greenwich, Conn.

The typical institution's annual commission increased to $3.158 million last year from $2.171 million in 1982.

Average total commissions for pension funds and endowments went to $2.826 million last year from $2.636 million a year earlier. In 1978, the average total commission for the same group was $1.080 million.

Abel, Noser & Co., through its money management arm, Kent Associates, is launching a product for

Continued on page 59

Continental clients watch bank crisis

By Barry B. Burr

CHICAGO — Pension fund clients of Continental Illinois National Bank & Trust Co. of Chicago, concerned that troubles on the commercial side might affect trust department operations, are making no immediate changes in their accounts, a survey by *Pensions & Investment Age* showed.

Continental lost two custodial accounts during the past two weeks, a bank spokesman said. But he added, "Those defects were not necessarily attributable to the present liquidity crisis."

The spokesman said Continental has lost no investment management clients in recent weeks.

At the same time, he said, Continental added one custodial client.

He declined to provide any identities or further details.

Departures of major pension fund clients from the trust department of troubled Continental largely had halted just when the commercial banking operation began its struggles amid federal guarantees.

No one expressed any worry over the safety of pension assets held in trust, although several clients reported seeking reassurance.

By law, fiduciary assets managed or held in custody by a trust department must be held separately from commercial banking activities, banking officials said. The assets aren't in jeopardy by financial problems elsewhere at Continental, said Daniel Gautsch, review examiner, Federal Deposit Insurance Corp.

One pension sponsor, who reaffirmed his support of Continental, acknowledged that "people's confidence is shaken, regardless of whether it has any merit."

A Continental spokesman described the events as a "liquidity crisis," a need for cash for immediate needs, and "not a matter of solvency."

Mr. Gautsch agreed, saying, "I don't think anyone is saying the bank doesn't have problems, and those problems contributed to the

Continued on page 61

Photo by Mary Herlehy

"Confidence is shaken, regardless of whether it has any merit"

J.P. Stevens' proposal pending

Spinoff could reap $50 million

By Marci Baker

NEW YORK — J.P. Stevens & Co. will recover at least $50 million in excess assets if a proposed spinoff/termination of one of its pension plans is approved.

The move, becoming increasingly common among companies with overfunded pension plans, needs approval from the Pension Benefit Guaranty Corp. and the Internal Revenue Service.

In a spinoff/termination, J.P. Stevens will spin off its defined benefit plan for salaried employees into two plans — one for 5,000 active employees and one for 3,000 retired vested and deferred vested employees.

The company then will purchase annuities to pay benefits of retirees, and terminate that new plan, recovering the excess assets upon termination. The plan for active employees will continue.

Richard Tyner, director of investments, said the company's 8-year-old hourly employees retirement fund will not be affected by the spinoff/termination.

As of the end of 1982, the salaried plan had assets valued at $189 million, but only $89 million in pension obligations. The numbers are based on an average assumed rate of return of 9.5% provided to the PBGC rather than the true actuarial assumption of 7%, said Mr. Tyner.

The $50 million windfall to the company is a 'downside estimate," he added. How much the company ultimately will receive depends on a number of factors. "The stock and bond markets could fall out of bed," by the time the action would be approved, he remarked.

Moreover, the company intends to use part of the excess to increase the pension benefits of its active and retired salaried employees. However, to what degree they will be increased still is being reviewed.

Mr. Tyner said J.P. Stevens will negotiate the specifics of the spinoff/termination with PBGC and the IRS to help ensure approval of the action. He estimated the process will take at least a year to complete.

Although Mr. Tyner expects the move will have some impact on the investment management structure of the fund, he added it is too early to say just what that impact will be.

Including in-house management, 11 managers run money for the salaried employees plan. Outside managers include Equitable Life Assurance Society, New York; Investors Research Corp., Kansas City, Mo.; Lynch & Mayer Inc., New York; and Morgan Guaranty Trust Co, New York.

"We feel the excess assets could be utilized in a more efficient manner," Mr. Tyner said in explaining the company's action. The recovery of excess pension assets would further strengthen the financial structure of J.P. Stevens, benefiting the company and its shareholders, the investment director noted.

Plans to increase benefit levels are in the interest of employees as well, he added. ■

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AT&T pension plan hires international managers

NEW YORK — American Telephone & Telegraph Co., which will have assets of between $18 billion and $20 billion when the spinoff of its operating units is complete, reportedly has appointed four international money managers.

They are Capital Guardian Trust Co., Los Angeles; Rowe Price-Fleming International, Baltimore; Fidelity International Investment Management, Boston; and ABD International, New York, sources said. The sources said funding of these managers is expected to begin soon, even though they were hired earlier this year. Some sources have said seven managers were hired, but the identities of the other managers are not known.

Capital Guardian and Fidelity International reportedly have received commitments for $10 million to $20 million. It is not known how much more will be invested or how much the other two managers will receive. AT&T would not confirm or deny the reports. None of the international managers would verify them.

The pension fund giant reportedly will stage another sweep for a second tier of international managers in late summer or early fall, according to advisory sources.

The search is said to have involved presentations by 80 international advisers out of which fewer than 20 were selected for second presentations. ■

Late news

Continued from page 1

plan and establishment of another.

The Pension Benefit Guaranty Corp., the Department of Treasury and the Internal Revenue Service said that when an employer terminates a defined benefit plan and establishes a new plan, the combination of benefits under the old and new plans may be the same as if the original plan had continued.

To spin off and terminate the retired employees' part of the plan and cull the excess assets, the guidelines state an employer must vest all employees, retired and active.

Benefits accrued up to termination must be covered with annuity contracts and employers must give employees "advance notice" of the termination.

$700 million allocated

ST. PAUL, Minn. — The $7 billion Minnesota State Board of Investment allocated $700 million of its active employees' assets among six fixed-income managers, according to Howard Bicker, executive director.

Four managers will receive $150 million each: Morgan Stanley Asset Management Inc.; Lehman Management Co. Inc.; Miller, Anderson & Sherrerd; and Western Asset Management Co. Norwest Bank Minneapolis will receive $75 million and Investment Advisers Inc., $25 million.

A&P termination filed

MONTVALE, N.J. — The Great Atlantic and Pacific Tea Co. has filed an official notice with the Pension Benefit Guaranty Corp. to terminate its employee retirement plan and recover $275 million in assets. Upon termination, benefits will be provided by the purchase of group annuities.

Approximately $11 million of the $336 million in surplus assets will be returned to employees.

New firm launched

NEW YORK — Hoping to snare a piece of the institutional tax-exempt market, a new equity investment management firm has been launched by First Investors Consolidated Corp., a diversified financial services company that manages more than $2 billion in assets primarily through mutual funds.

First Investors Equity Management Co., will offer separate account investment services to pension and endowment funds. Minimum account size is $5 million.

Money movers

• PHOENIX, Ariz. — The $3 billion Arizona State Retirement System has named Mellon Bank custodian, effective July 1. According to Max Sullivan, system director, Mellon will replace Bankers Trust, which held the custodial role for about eight years.

At the same time, the pension system has decided to bring in Valley National Bank of Arizona as its depository bank, replacing First Interstate Bank of Arizona.

It also has renewed its contracts with Martin E. Segal & Co. and Arthur Andersen & Co., which act as consulting actuary and auditor, respectively.

• DES MOINES, Iowa — The $2.2 billion Iowa Public Employees Retirement System trustees picked Wilshire Associates to be fund consultant, said Larry Thompson, fund investment officer.

• CAMBRIDGE, Mass. — The Middlesex County Retirement System has named the Bank of New England as sole investment manager and custodian for its $80 million in assets, replacing Bay Bank Trust Co.

The appointment is effective June 1, said William J. Gustus, county treasurer.

• WASHINGTON — Georgetown University has selected Sanford C. Bernstein & Co. to run a piece of its $96 million endowment fund, said Janet Freeman, assistant treasurer.

Bernstein, which is one of three balanced managers, will get $10 million to $15 million.

SEI-Funds Evaluation Services was the consultant in the search.

• HONOLULU — The Hawaii Employees' Retirement System has hired Mellon Capital Management to run its first index fund. That fund will be pitted against some of the retirement system's active equity managers. Callan Associates helped with the selection.

The trustees also decided to invest up to 5% of the system's $2 billion in equity real estate.

• DECATUR, Ill. — A.E. Staley Manufacturing Co. added Newbold's Asset Management as an equity manager for its $100 million total employee benefit assets, said Alford Zick, director of pension and benefit assets.

The initial commitment will be $10 million.

• RICHMOND, Va. — The $124 million University of Richmond endowment fund hired Lowe, Brockenbrough, Tierney & Tattersall Inc. and STW Fixed Income Management to run fixed-income portfolios of $10 million each.

• ST. LOUIS — The Lutheran Church-Missouri Synod hired Centerre Trust Co. to manage a fixed-income account, a Centerre spokesman said.

The initial investment will be $13 million taken from the synod's 501(c)(9) trust, he said.

Master trust Directory

Pensions & Investment Age's master trust directory was developed from questionnaires sent to the leading master trust firms in the United States and Canada. The information in this directory section is copyright 1984 by Crain Communications.

Pension funds satisfied with master trustees

By Eddy Christman

NEW YORK — Pension funds are more than satisfied with the services provided by their master trustees, a survey by *Pensions & Investment Age* shows.

The eight master trustees most often cited by pension fund executives scored an average of 3.745 out of five, indicating they are doing an above-average job.

Overall, pension funds rated their master trustees strongest in the cash management area, giving them a 3.92 score. That was followed by personnel, 3.85; performance measurement, 3.62; and reporting, 3.59.

Sponsors were asked to rate their trustee's capabilities on a scale of one to five, for four master trust service groups. A score of 1 was poor; 2, fair; 3, satisfactory; 4, good; and 5, outstanding. Scores were tabulated for those master trust service providers that were rated by at least five respondents.

In the survey, Northern Trust, Chicago, came out on top in reporting and performance measurement, two of the four catagories.

Mellon Bank, Pittsburgh, scored highest on account personnel, while Citibank, New York, tallied the highest score in cash management.

Questionnaires were sent to 550 of the 1,150 largest pension funds in the United States. In addition to the 250 largest pension fund sponsors, 300 of the next 900 largest were polled at random. The response rate was 31.6%.

The results for the four master trust service groups were:

• **Personnel**

Mellon Bank scored highest in three of the six categories that sponsors rated on personnel capabilities. Its account officers and representatives were considered good to outstanding in getting things done, being familiar with sponsors' needs and being knowledgeable of bank operations.

The personnel of Boston Safe Deposit and Trust Co., Boston, racked up the highest score for knowledge of financial markets, and tied with New York-based Citibank personnel for knowledge of the Employee Retirement Income Security Act.

Clients of Northern Trust said that bank had the lowest turnover in personnel.

• **Cash management**

Of the five cash management areas rated, Citibank garnered the best ratings for fail balance earnings credit, speed in crediting cash and investment of cash. Bankers Trust, New York, was cited for its cash balance policy and Harris Trust and Savings Bank, Chicago, for STIF investments.

• **Reporting**

In rating a trustee's capabilities in reporting, Northern Trust tallied the highest scores in report timing and consistency in meeting report deadlines.

Boston Safe chalked up the highest rating for flexibility of reports, and tied with Citibank for ability to meet clients' informational needs. The reports of State Street Bank & Trust Co., Boston, were cited for accuracy, while the clients of Chase Manhattan, New York, rated it highest for its promptness in making corrections. Mellon's ERISA reporting got the most support from its clients.

• **Performance measurement**

Of the 108 respondents who rated their master trustees, 64 said their bank supplied them with performance measurement data. Overall, Northern Trust edged out Mellon Bank. State Street and Citibank also had strong overall scores in that capability.

Northern Trust got the best ratings for format, flexibility and clarity, and tied with Citibank for length of historical record. State Street got the highest rating from clients for overall expertise.

Of the 174 usable responses, 108 rated 35 different banks and trust companies. The remaining 66 said they did not have a master trust relationship.

Only eight of the 35 master trustees rated by pension fund sponsors were named on five or more responses, and the above results include only those eight.

Of the eight, respondents most often named Bankers Trust, which was rated by 18 of its clients. Seven respondents are fund sponsors with assets of more than $1 billion. Five have assets between $501 million and $1 billion; three between $201 and $500 million; and two between $100 and $200 million. Half of Bankers Trust's responding clients are located in the Northeast, five in the Midwest, three in the West and one in the Southeast.

Northern Trust was rated by 14 of its clients. Half the respondents are in the Midwest, and five have assets between $501 million and $1 billion.

Chase Manhattan was rated by 11 respondents, five of which have assets between $201 million and $500 million. All — except one in the Midwest — are located in the Northeast.

Harris Trust, Mellon Bank, and State Street Bank each was rated by seven clients. Five of Harris Trust's clients are in the Midwest, and four have assets of more than $1 billion. Three of Mellon Bank's clients have more than 11 active managers, and all but two said that Mellon was their first master trustee.

Five clients of Citibank and five of Boston Safe rated their master trust services. All of Citibank's clients said they never had a master trust relationship before. Four of Boston's five responding clients have assets of more than $1 billion.

The remaining 34 responses were spread over 27 different bank and trust companies. RepublicBank Dallas, had three responses; First National Bank of Chicago, National Bank of Detroit, National City Bank of Cleveland, Wachovia Bank & Trust Co., Winston-Salem, N.C., and Wells Fargo Bank, each had two responses.

Eighteen master trustees each were rated by one respondent.

Continued on page 33

Rank	Bank	Master trust	Master custody	Total
1.	Chase Manhattan	57,000	22,000	79,000
2.	Bankers Trust	58,200	4,400	62,600
3.	State Street Bank	30,087	22,968	53,055
4.	Northern Trust	41,724	5,893	47,617
5.	Citibank	11,716	25,278	36,994
6.	Mellon Bank	29,826	364	30,190
7.	Irving Trust	8,000	21,000	29,000
8.	Bank of America	10,819	14,846	25,665
9.	Bank of New York	12,500	8,500	21,000
10.	Boston Safe Deposit	15,851	3,747	19,598
11.	Harris Trust	18,879	0	18,879
12.	First Pennsylvania	1,000	15,500	16,500
13.	Manufacturers Hanover	16,000	261	16,261
14.	U.S. Trust	9,100	5,900	15,000
15.	RepublicBank Dallas	12,100	1,900	14,000
16.	Wachovia Bank	12,000	256	12,256
17.	National of Detroit	5,150	6,200	11,350
18.	Continental Illinois	8,400	1,600	10,000
19.	Manufacturers Detroit	8,300	1,100	9,400
20.	Wells Fargo	4,290	3,935	8,225
21.	First of Chicago	7,250	556	7,806
22.	Wilmington Trust	6,501	100	6,601
23.	Mercantile Safe	1,694	2,294	3,988
24.	Citizens & Southern	450	3,000	3,450
25.	AmeriTrust	2,800	310	3,110
26.	First Trust St. Paul	2,050	350	2,400
27.	First Wisconsin	1,283	819	2,102
28.	Texas Commerce	1,100	1,000	2,100
29.	Marine Midland	1,437	500	1,937
30.	Centerre Trust	1,415	175	1,590
31.	M&I Bank	1,200	100	1,300
32.	Norwest Bank	1,066	0	1,066
33.	Rainier National	102	874	976
34.	First City National	583	1	584
35.	Bank of Oklahoma	78	327	405
	TOTAL	$399,951	$176,054	$576,005

Rank	Bank	Master trust	Master custody	Total
1.	Royal Trust	5,500	0	5,500
2.	Montreal Trust	2,836	0	2,836
3.	National Trust Co.	2,544	0	2,544
4.	Canada Permanent	1,500	540	2,040
5.	Canada Trust Co.	1,952	0	1,952
6.	Guaranty Trust Co.	1,006	55	1,061
7.	International Trust	200	600	800
	TOTAL	$15,538	$1,195	$16,733

Securities-lending surge stopped short by glut

By Barry B. Burr

CHICAGO — The $775 million New Mexico Educational Retirement Board earned a tidy return of $400 over a few days last month.

Another, similar investment netted the fund $2,916.

Although those returns sounds like nickels and dimes to a $775 million pension fund, it required the investment of no additional capital. Instead, the New Mexico fund was lending securities it already owned to brokers.

In doing so, it made $250,000 on securities lending in 1982. But it earned only $240,000 last year; and it expects to earn less again in 1984.

The falloff illustrates the current securities-lending market. In short, there's a glut.

Brokers, trust departments and pension funds agree the practice is less lucrative than it was just two years ago. Speaking of General Electric Corp.'s lending return, W. Richard Fulljames, treasurer of the pension trust, said, "I can say it's been declining . . . because there are more players."

William R. Parmentier, assistant treasurer and investment officer at Grumman Corp., blames the trust departments, which serve as master trustees and custodians. "They lend in large volume," he said.

In fact, Grumman, the first corporate pension fund to lend securities, stopped last year. "We saw the spreads getting very narrow," Mr. Parmentier said, referring to the returns on loans.

Until 1981, the Employee Retirement Income Security Act prohibited corporate- and union-sponsored funds from lending securities. Aside from brokers lending to other brokers, foundations and endowments had been the only major sources of security loans. Public funds, such as the $3 billion Retirement System of Alabama, although unconstrained by ERISA, tended to stay out because state regulations on the physical possession of securities made lending cumbersome, if impossible, according to Hunter Reaves, analyst for the Montgomery, Ala.-based fund.

Then in 1979, Grumman obtained an individual exemption from the Department of Labor, enabling it to lend. Two years later, the DOL lifted restrictions for all funds.

Now for pension funds hiring bank trust departments as a master trustee or custodian for their assets, securities lending is an important service.

As Allan Martin, vice president-employee benefit management, Bankers Trust Co., put it, lending returns "are not overwhelming. But if you look at the average master trustee fees, they (lending returns) are on a similar order of magnitude."

At Chrysler Corp., Thomas D. Christian, manager-pension fund investments, said of lending, "It doesn't cost anything. You make $300,000 or $400,000 a year, which about covers half of your fees to your master trustee."

One large broker that is also a large borrower of securities, remarked, "The competition is fierce; there are so many institutions doing it now. The supply is great."

As a result, the returns have collapsed.

Unlike most other investments where return is related to risk, the return on securities lending is driven primarily by supply and demand. In the business, returns are expressed on an annual basis as a percentage of the value of securities on loan. For example, in one deal, said Robert Short, investment officer of the New Mexico fund, the fund lent $800,000 worth of Shell Oil Co. 7¼% bonds on April 3.

On April 12, the borrower, Salomon Brothers Inc., returned the securities, paying a $400 fee for the loan. Calculated on an annual basis, the $400 earned on the $800,000 worth of bonds lent for 10 days, amounts to about a 2% return.

But Grumman, before deciding to quit lending last year, typically earned 3% to 4%, Mr. Parmentier said.

Another dropout, the Ford Foundation, which had been lending since about 1976, quit in 1982. "It became uneconomic for us," said Robert Tolles, a public relations spokesman. "The large corporate pension funds entered the field. The returns diminished."

At the same time, some are pursuing it more aggressively. "We

Continued on page 34

a

AmeriTrust Co.

900 Euclid Ave., Cleveland, Ohio 44101; (216) 687-5000

Master trust assets	$2,800,000,000
Master custodial assets	$310,000,000

AmeriTrust has 24 master trust clients and three master custodial clients. There are seven account supervisors.

The size of the smallest master trust client is $3.4 million, while the size of the largest is $520 million.

The actual settlement date is used for accounting, but trade date accounting is available.

Basic master trust services include asset custody; settlement of security trades; reporting on asset values and transactions; plan allocation; automated cash management; securities lending; performance measurement; portfolio analysis; index fund; cash forecasting and customized reporting. Reports are delivered to clients five days after the end of the period.

Fees are based on market value of assets, the number of plans and the number of managers.

The client contact is James H. McInerney Jr., vice president, (216) 687-2798.

b

Bank of America

555 California St., 17th Floor San Francisco, Calif. 94104; (415) 622-9568

Master trust assets	$10,819,000,000
Master custodial assets	$14,846,000,000
Other	$21,300,000,000

Bank of America has 35 master trust clients and 10 master custodial clients.

Accounts are administered in San Francisco and Los Angeles. There are 10 account supervisors.

The size of the smallest master trust client is $6 million; the largest is $4.1 billion. Trade date and settlement date accounting are available at client's option.

Basic master trust services include custody; plan and trust accounting; automatic cash management; income collection and redemptions; and ERISA reporting. Options include performance measurement, benefit disbursing with government reporting, securities lending and participant recordkeeping.

Reports to clients are delivered five to 10 business days after the end of the period.

Fees are based on a percentage of assets and services provided.

The client contact is John P. Sheehy, senior vice president.

Bankers Trust Co.

280 Park Ave., New York, N.Y. 10017; (212) 850-2082

Master trust assets	$58,200,000,000
Master custodial assets	$4,400,000,000
Other	$4,000,000,000

Bankers Trust has 99 master trust clients and 12 master custodial clients. Client contact is handled jointly through a combination of 20 relationship managers, with responsibility for ensuring overall client satisfaction, and 22 product delivery specialists, with responsibility for day-to-day activities.

The size of the smallest master trust client is $10 million; the largest is $7.7 billion.

The primary accounting method is trade date, on a fully accrued basis, however, settlement dated, tax lot and other methods are available.

Core master trustee services include account establishment services, legal administrative guidance, adviser services, cash management and forecasting, fail float analysis and credit,options and futures processing, security income posted on payable date, and a variety of trust/plan accounting reports that meet ERISA and FASB requirements.

Specialty services that complement the core master trustee package are: securities lending, on-line capabilities, pension disbursing w/EFT, global custody, master consolidation reporting, performance measurement and ad hoc consulting services, a variety of commingled investment trust funds, and microfiche and computer tape reporting.

The monthly transaction reports are sent within two days following the reporting period. Assets and liabilities reports, and customized reports are available six to eight days following the end of the period.

The fee structure for the core master trustee service is reflective of the trust structure. This includes an accounting and reporting fee based on the type and number of investment portfolios, a per transaction fee for security movement and an administrative fee applied as a basis-point calculation on actively managed assets.

Lynne Stewart Minard, vice president and head of pension relationship management, sales and marketing, is the client contact.

Bank of New York

48 Wall St., New York, N.Y. 10015; (212) 530-1784

Master trust assets	$12,500,000,000
Master custodial assets	$8,500,000,000
Other	$5,900,000,000

Bank of New York has 50 master trust clients and eight master custodial clients. There are seven account supervisors. Union accounts are assigned to a separate Bank of New York administrator.

The size of the smallest master trust client is $5 million; the largest is $7 billion.

Trade date and settlement date are used for accounting procedures.

Basic master trust services include performance measurement, cash management, ERISA reporting, portfolio review, securities lending, global custody, benefit disbursement, on-line inquiry — two way communication, and option accounting.

Reports to clients are delivered within five days and available on-line daily. Fees are based on a percentage of market value.

The client contact is Thomas A. Price, vice president, (212) 530-8710.

Bank of Oklahoma

P.O. Box 2300, Tulsa, Okla. 74192; (918) 588-6449

Master trust assets	$78,478,000
Master custodial assets	$327,163,000
Other	$1,062,091,000

Bank of Oklahoma has two master trust clients and two master custodial clients. There are four account supervisors. The size of the smallest master trust client is $2.8 million; the largest is $75.7 million.

Accounting methods used are trade date and settlement date, unitized and cash, and full accrual.

Basic master trust services include dividends and interest credited on payable date, automated cash management, GICs, performance measurement, portfolio review, benefit disbursement, flexible reporting, and ERISA reporting package.

Reports to clients are delivered 15 to 20 days after the end of the period. Fees are based on a combination of asset and services provided.

The client contact is Jean Anderager,employee benefit reporting man-

Boston Safe Deposit & Trust

1 Boston Place, Boston, Mass. 02106; (617) 722-7310

Master trust assets	$15,851,000,000
Master custodial assets	$3,747,000,000
Other	$520,000,000

Boston Safe has 25 master trust clients and seven master custodial cli-

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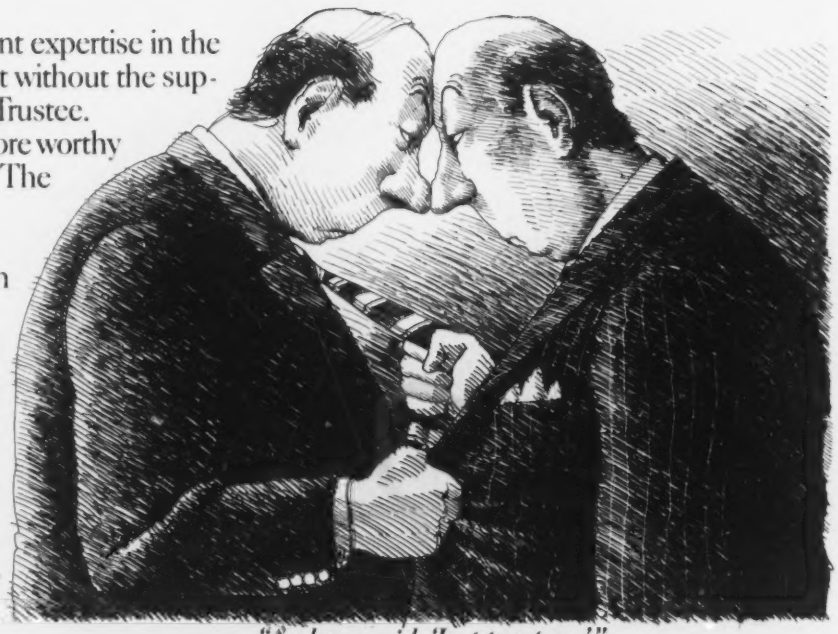

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THE BANK OF NEW YORK
MASTER TRUST

ents. There are 10 account supervisors. The size of the smallest master trust client is $14 million; the largest is $2.7 billion.

Master trust services offered include full accrual, trade date-based accounting and analytical reporting tailored to meet individual client needs. Boston Safe offers on-line access to accounting information, performance measurement, analytical software and data bases, by means of terminals connected to Boston Safe's computers by permanent lines, on a dial-up basis, or by data downloaded nightly to clients' microcomputer workstations. Boston also offers securities lending, global custody, benefit payments, comprehensive services for defined contribution plans and consulting services.

It also offers investment vehicles for short-term cash reserves. STIF is available for use by accounts qualified under ERISA. As an alternative to STIF, the reserve deposit account is a money market deposit account available to both ERISA and non-ERISA funds.

Reports are mailed to clients five business days following the end of the period.

Fees are calculated on an individual basis depending on the services required.

The client contact is John R. Snow, vice president, (617) 722-6970.

Canada Permanent Trust Co.

320 Bay St., Toronto, Ontario M5H 2P6, Canada; (416) 361-8248

Master trust assets	$1,500,000,000
Master custodial assets	$540,000,000
Other	$1,800,000,000

Canada Permanent Trust Co. has almost 200 corporate custodial clients. It has three account managers.

The smallest master trust client is $5 million; the largest is $475 million.

Settlement date accounting is used.

Basic master trust services include safekeeping, income collection and securities settlement (including DTC via Manufacturers Hanover).

The Canada Permanent Trust Co. also offers pensioner payroll; client-based, on-line terminals; securities lending; various monthly and on-demand reports; a client call program and a client focus group.

Reports to clients are delivered 15 days after the end of the period.

The basic fee is based on the book value of assets. The firm also adds on a percentage for trusteeships, complexity, multiple managers and mortgage administration.

The client contact is R.W. La Force, assistant vice president-corporate custodial services.

A cash management directory, to be published July 23, will detail banks, service networks, consultants and professional associations.

The Canada Trust Co.

275 Dundas St., London, Ontario, Canada N6B 3L1; (519) 673-6245

Master trust assets	$1,952,000,000
Other	$3,963,000,000

The Canada Trust Co. has 64 master trust clients. There are 14 account supervisors.

The size of the smallest master trust client is $1.5 million; the largest is $277 million.

Settlement data accounting is used.

Basic master trust services include safekeeping of securities, processing transactions, constituent and consolidated account reporting, monitoring of compliance with legislative constraints and automatic income crediting. Reports to clients are delivered 15 days after the end of period.

Fees are based on a percentage of book value, plus a variable cost per check, termination and security transaction.

The client contact is David James, pension information officer.

Centerre Trust Co. of St. Louis

510 Locust St., St. Louis, Mo. 63101; (314) 231-9300

Master trust assets	$1,415,000,000
Master custodial assets	$175,000,000
Other	$564,000,000

Centerre Trust has eight master trust clients and two master custodial clients. There are two account supervisors.

The size of the smallest master trust account is $30 million; the largest is $510 million.

Trade date accounting and settlement date accounting are used.

Basic master trust services include cash projection sweep, fail float credit, ERISA information, annual report preparation, on-line inquiry and PC download, performance measurement and evaluation, portfolio analytics, benefit payments, security lending and payment date credit for most income items. Reports to clients are delivered five to seven days after the end of the period.

Fees are based on asset value and number of manager and plan accounts over minimum. There are extra charges for ancillary services.

The client contact is Richard W. Hibbs, (314) 436-9265.

Chase Manhattan Bank

1211 Avenue of the Americas, 33rd Floor, New York, N.Y. 10036; (212) 730-3008

Master trust assets	$57,000,000,000
Master custodial assets	$22,000,000,000
Other	$28,000,000,000

Chase Manhattan has 78 master trust clients and 12 master custodial clients. There are 25 account supervisors.

The size of the smallest master trust account is $1 million; the largest is $11 billion.

Trade date and settlement date accounting are available in either hard-copy, computer tape or microfiche.

Basic master trust services include safekeeping, custody, accounting, cash management, performance measurement, portfolio analysis, index funds, futures/options accounting, ERISA and FASB reporting, security bonding, benefit disbursement and recordkeeping. Also offered are 401(k) and savings and thrift plans.

In addition, a full array of global custody services, including safekeeping, multicurrency reporting and accounting and global performance measurement, is offered. Global custody assets are in excess of $10 billion.

Reports are delivered to clients within seven days after the end of period. On-line reporting is available on next-day basis for both accounting and performance measurement information. Fee calculations are based on the account structure and transaction volume.

The client contact is John A. Sweeney, vice president.

Citibank

1 Citicorp Center, New York, N.Y. 10043; (212) 559-1523

Master trust assets	$11,716,000,000
Master custodial assets	$25,278,000,000
Other	$2,956,000,000

Citibank has 109 master trust clients and seven master custodial clients. There are 25 account supervisors.

The size of the smallest master trust client is $2 million; the largest master custodian client is $14.8 billion.

Settlement date accounting and trade date accounting are used.

Basic master trust services include safekeeping and custody, cash management, trade date reporting, ERISA reports, equitable share accounting, performance measurement and analysis, TUCS comparisons, on-line information systems, global custody, securities lending and participant recordkeeping.

Reports to clients are delivered three to five days after the end of the period. Next-day delivery is provided

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- Client Seminars
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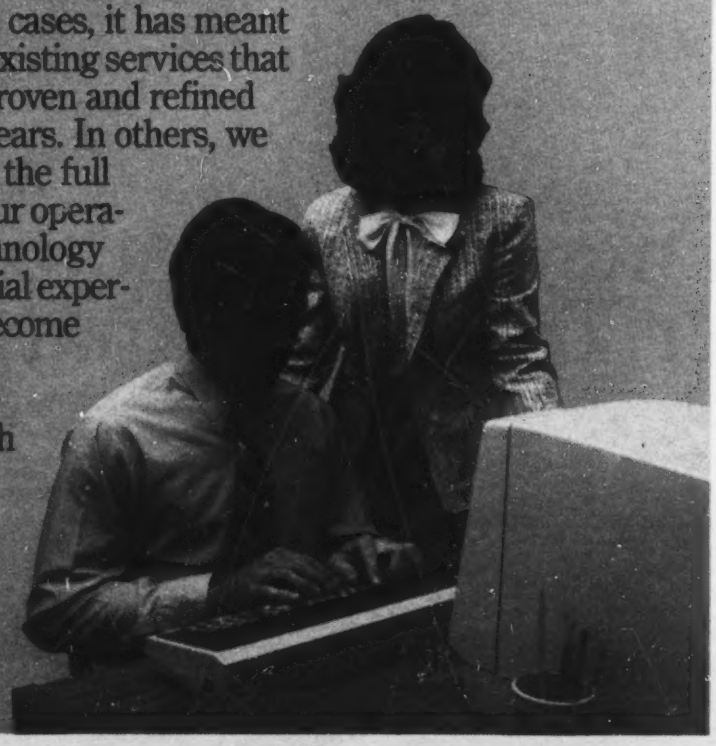
- Venture Capital Management
- PAYSOP Administration
- Legal Administration

In some cases, it has meant applying existing services that we have proven and refined over the years. In others, we have used the full range of our operational technology and financial expertise to create new services that have become standard for the industry.



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For more information, call Jane Fisher, VP, (919) 748-6348.

Wachovia

for on-line reports. Fees are based on individual services. The client contact is Jeffrey L. Maier, vice president.

The Citizens and Southern National Bank

33 North Ave., N.E., 10th Floor, P.O. Box 4114, Atlanta, Ga. 30302; (404) 897-3083

Master trust assets	$450,000,000
Master custodial assets	$3,000,000,000
Other	$800,000,000

The Citizens and Southern National Bank has 15 master trust clients and 80 master custodial clients. There are six account supervisors.

The size of the smallest master trust account is $25 million; the largest is $100 million.

Trade date accounting and settlement date accounting are used.

Basic master trust services include performance measurement/risk analysis, participant recordkeeping, portfolio review, securities lending, assistance in ERISA reporting, benefit payment and five pooled investment funds.

Reports to clients are delivered five days after end of period. Fees are based on market value of assets.

The client contacts are Edgar R. Smith, (404) 897-3083, and Richard Schweitzer, (404) 897-3084.

Continental Illinois National Bank & Trust Co.

231 S. LaSalle St., Chicago, Ill. 60697; (312) 828-2345

Master trust assets	$8,400,000,000
Master custodial assets	$1,600,000,000
Other	$56,000,000,000

Continental Illinois National Bank & Trust Co. has 31 master trust clients and seven master custodial clients. There are nine account supervisors.

The size of the smallest master trust account is $5 million; the largest is $1.4 billion. Trade date and settlement date accounting are available.

Basic master trust services include consolidated accounting (plan and managers); performance measurement; dial-up access via Continental's remote information system; account relationship-manager; automated cash management; and cash projections. Officer and administrative assistants are assigned to an account on a full-time basis.

Reports to clients are delivered five to 10 days after the end of period.

Fees primarily are asset based, with transaction charges in specific instances.

The client contact is Edward J. Doyle, vice president, (312) 828-7062.

Crocker National Bank

333 S. Grand Ave., Suite 640, Los Angeles, Calif. 90071; (213) 253-3212

Master trust assets	$7,500,000,000
Master custodial assets	na*
Other	na*

*Included in master trust total

Crocker National Bank was unable to break out its master custodial and other custodial accounts from its master trust figure. It reports 162 master trust and master custodial clients. There are nine account supervisors.

The size of the smallest master trust client is $2.5 million; the largest is $1.1 billion.

Trade date and settlement date accounting are used. Cash, modified cash and full accrual also are available.

Basic master trust services include account management, security settlement, cash management, income on payable date, account reports, IRS form 550 preparation, securities lending, plan administration, asset allocation and performance measurement.

Reports to clients are delivered 10 business days after end of period. Fees are a combination of a flat fee, a percentage of the market value of asset held, individual transactions and special service charges. The client contact is Lester Wood, vice president.

A directory of cash management services will be published July 23.

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f

First Chicago

3 First National Plaza, Chicago, Ill. 60670; (312) 732-4000

Master trust assets	$7,250,000,000
Master custodial assets	$556,000,000
Other	$6,340,000,000

First Chicago has 35 master trust clients and three master custodial clients. There are 22 account supervisors.

The size of the smallest client is $4 million; the largest is $960 million.

The settlement date is used for accounting.

Basic master trust services include performance measurement, portfolio analysis, portfolio review, participant recordkeeping, securities lending, ERISA disclosure assistance, benefit disbursement, index fund, asset allocation, universe comparison and plan accounting.

Reports to clients are delivered eight to 10 days after the end of the period. Fees are based on a combination of basic account charge, asset value and individual services.

The client contact is Thomas Gaffigan, vice president, (312) 732-3988.

First City National Bank of Houston

809 Fannin, Houston, Texas 77001; (713) 658-6705

Master trust assets	$583,000,000
Master custodial assets	$1,000,000
Other	$702,000,000

First City National Bank of Houston has five master trust clients and one master custodial client. There are nine account supervisors.

The size of the smallest master trust account is $40 million; the largest is $88 million.

Trade date accounting is employed.

Basic master trust services include cash management, assistance in government reporting, asset custody and standard reporting.

Reports to clients are delivered 10 days after the end of period. Fees are based on amount of assets.

The client contact is Terry Lambert, vice president.

First Pennsylvania Bank

15th and Chestnut Streets, Philadelphia, Pa. 19101; (215) 786-8765

Master trust assets	$1,000,000,000
Master custodial assets	$15,500,000,000
Other	$370,000,000

First Pennsylvania Bank has 14 master trust clients and eight master custodial clients. There are 11 account supervisors. The smallest master trust client is $1.5 million; the largest is $500 million.

Trade date accounting and settlement date accounting are used, but the actual settlement date will be used at the client's preference.

Basic master trust services include trusteeship/custodianship, accrual or cash accounting, portfolio analytics, performance measurement, TUCS, passive investment, securities lending, global custody, public fund accounting (NCGA rules) and client terminal with inquiry and/or input capability.

Cash statements are delivered within five to seven business days and full accountings within 15 to 17 business days after end of period.

Fees normally are calculated on the market value of assets, but can be unbundled. The client contact is James F. McHale, senior vice president, (215) 786-7946.

First Trust Co. of St. Paul

332 Minnesota St., St. Paul, Minn. 55101; (612) 291-5072

Master trust assets	$2,050,000,000
Master custodial assets	$350,000,000
Other	$4,125,000,000

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612/291-5100

First Trust Co. of St. Paul has eight master trust clients and three master custodial clients. There are seven account supervisors.

The smallest master trust client is $12 million; the largest is $1.2 billion.

Trade date accounting is used, but settlement date accounting also is available.

Basic master trust services include securities settlement, custody and servicing, full accrual accounting, automated cash management, index fund, portfolio review, performance measurement, TUCS, customer online, securities lending, ERISA reporting, participant recordkeeping and benefit disbursing.

There is a separate asset fee and transaction fee. The client contact is Roger R. Schaeffer.

First Wisconsin Trust Co.

777 E. Wisconsin Ave., P.O. Box 2054, Milwaukee, Wis. 53201; (414) 765-5000

Master trust assets	$1,283,000,000
Master custodial assets	$819,000,000
Other	$502,000,000

First Wisconsin Trust Co. has 27 master trust clients and one master custodial client. There are seven account supervisors.

The size of the smallest master trust client is $3 million; the largest is $235 million.

Trade date accounting is employed.

Basic master trust services include, relative and comparative performance measurement, portfolio monitoring services, securities lending, bond dedication and bond immunization.

A report of financial transactions on a settlement basis and including income totals is available about the second business day of the month; a list of assets indicating both cost and market value is available on the sixth business day of the month. The complete monthly financial report for each investment manager account on a full-accrual basis, trade-date basis is available on the 12th business day of the month.

The complete annual financial report for each investment manager account is available 20 business days after the end of the fiscal year. Annual fees are based on the market value of securities plus transaction costs. The client contact is A. Paul Jones, (414) 765-4444.

g

Guaranty Trust Co. of Canada

366 Bay St., Toronto, Ontario, Canada M5H 2W5; (416) 863-5168

Master trust assets	$1,006,000,000
Master custodial assets	$55,000,000
Other	$918,500,000

Guaranty Trust has 20 master trusts clients. There are three account supervisors.

The size of the smallest master trust client is $5 million; the largest is $286 million.

Settlement date is used for accounting. There is a capability for trade date reporting.

Basic master trust services include income accruals, unitized accounting and consolidated reporting, cash management, portfolio analysis, performance measurement and report customization.

Reports are available for clients after 10 working days.

Basic fees are based on book value, plus account charges, check charges and performance measurement. Fees for managed assets are based on average market value.

The client contact is P. Diane Thomas.

h

Harris Trust and Savings Bank

111 West Monroe St., Chicago, Ill. 60603; (312) 461-2121

Master trust assets	$18,880,000,000
Other	$3,247,000,000

Harris Trust and Savings Bank has 41 master trust clients. There are six account supervisors.

The size of the smallest master trust client is $12 million; the largest is about $3.7 billion.

Trade date accounting is used.

Basic master trust services include custody, accounting, reporting, plan accounting, ERISA reporting, cash mobilization, performance measurement and securities lending.

Reports to clients are delivered 20 days after the end of the period.

Fees are calculated on a base per account plus a percentage of assets.

The client contact is Jon S. Brightman, (312) 461-7344.

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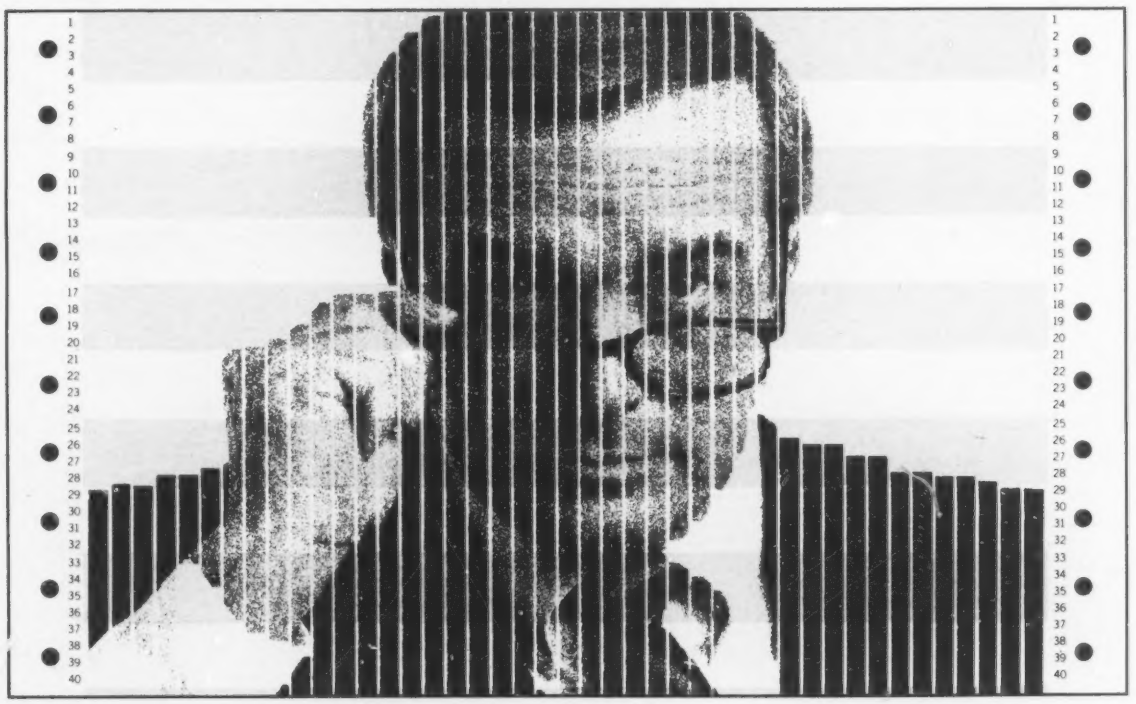

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i

International Trust Co.

Royal Bank Plaza, North Tower, 14th Floor, Box 75, Toronto, Ontario, Canada M5J 2J2; (416) 865-0515

Master trust assets	$200,000,000
Master custodial assets	$600,000,000
Other	$1,500,000,000

The International Trust Co. has 11 master trust clients and one master custodial client. There are six account supervisors.

The size of the smallest master trust account is $1.5 million; the largest is $600 million.

Settlement date is used for accounting purposes. For reporting, both trade date and settlement date are available.

Basic master trust services include client managed STIF account, global custodial services, cash management and investment control and performance measurement services.

Reports are delivered 10 days after end of the period. Fee calculation is based on asset exposure, number of accounts in structure and add-on services. Fee agreement is subject to performance standards determined with each client.

The client contact is Ed Osle[illegible]e president, business developmer[illegible]

Irving Trust Co.

1 Wall St., New York, N.Y. 10015; (212) 487-7980

Master trust assets	$8,000,000,000
Master custodial assets	$21,000,000,000
Other	$2,300,000,000

Irving Trust has 25 master trust clients and 18 master custodial clients. There are nine account supervisors.

The size of the smallest master trust client is $12 million; the largest is $4.1 billion.

Trade date accounting and settlement date accounting are used.

Basic master trust services include transaction clearance, asset custody, customized reporting, zero-balance cash management, fail-float investment credit, global custody, on-line portfolio statusing and portfolio analytics. Reports to clients are delivered five business days after the end of the period.

Fees are based on the transaction volume and the services required.

The client contact is Gary L. Davenport, vice president.

m

Manufacturers Hanover Trust

530 Fifth Ave., New York, N.Y. 10036; (212) 286-6000

Master trust assets	$16,000,000,000
Master custodial assets	$261,000,000
Other	$21,200,000,000

Manufacturers Hanover has 44 master trust clients and six master custodial clients. There are 13 account supervisors.

The size of the smallest master trust client is $10 million; the largest is $4 billion.

Trade date and settlement date are available for accounting purposes.

Basic master trust services include detailed financial investment reports, ERISA disclosure assistance, cash management, portfolio analysis and comparison, portfolio review, securities lending, on-line terminal access/reporting, international custody, benefit disbursement and multiple plan accounting.

Reports to clients are delivered within three to 10 days.

Fees primarily are based on a percentage of market values. There are special charges for additional services such as on-line terminal access, performance measurement, analytics, plan accounting and pension check payments.

The client contact is Renee San Marco, (212) 819-1580.

Manufacturers National Bank of Detroit

100 Renaissance Center, 6th Floor, Detroit, Mich. 48243; (313) 222-4470

Master trust assets	$8,300,000,000
Master custodial assets	$1,100,000,000
Other	$670,000,000

Manufacturers National Bank of Detroit has 29 master trust clients and 19 master custodial clients. There are 19 account supervisors.

The size of the smallest master trust account is $3.9 million; the largest is $8.2 billion.

Settlement date accounting is used. Trade date accrual and unitized accounting are available.

Basic master trust services include cash management, consolidated reporting, interim transaction reporting, unitized accounting custom reports, benefit payments and performance measurement.

Reports to clients are delivered five days after the end of the period.

Fees are calculated on a quarterly basis.

The client contact is Alana C. Sumpter, trust officer.

Marine Midland

280 Park Ave., New York, N.Y. 10177; (212) 949-6507

Master trust assets	$1,437,000,000
Master custodial assets	$500,000,000
Other	$900,000,000

The size of the smallest master trust client is $2.9 million; the largest is $375 million.

There are 10 account supervisors.

The settlement date is used for accounting.

Basic master trust services include custody and servicing of securities, reporting and disbursement and cash management.

Reports to clients are delivered as required by the client.

The basic fee is calculated on the basis of decremental rates applied to market value of assets. Other fees are based on transactions and services.

The client contact is William P. Gaines, administrative vice president.

Mellon Bank

Mellon Square, Pittsburgh, Pa. 15230; (412) 234-3384

Master trust assets	$29,826,000,000
Master trust custodial assets	$364,000,000
Other	$3,800,000,000

Mellon Bank has 48 master trust clients and one master custodial client. There are seven account supervisors.

The size of the smallest master trust account is $5 million; the largest is $5.1 billion.

Trade date accounting is used, but trade date fully accrued reporting is available.

Basic master trust services include security lending, benefit payment, on-line access, performance measurement, portfolio analysis and portfolio review, options accounting, index funds, international custody, ERISA disclosure assistance and participant recordkeeping.

Reports to clients are delivered within three business days for cash and within 12 business days for accrued reports.

Fees are based on a combination of asset value and individual services performed.

The client contact is Thomas H. Kalen, vice president.

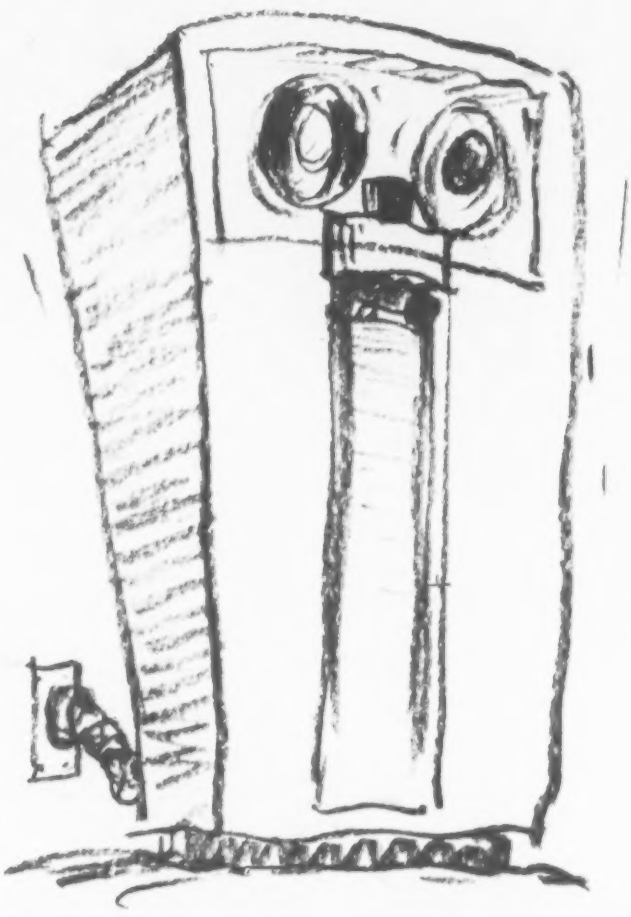
Mercantile-Safe Deposit & Trust Co.

2 Hopkins Plaza, P.O. Box 2257, Baltimore, Md. 21203; (301) 237-5551

Master trust assets	$1,694,000,000
Master custodial assets	$1,320,000,000
Other	$2,294,000,000

Mercantile-Safe Deposit & Trust Co. has 16 master trust clients and three master custodial clients. There are seven account supervisors.

The size of the smallest master trust client is $1 million; the largest is



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Settlement date accounting is used.

Basic master trust services include depository participation, benefit payments, option transactions, security lending, cash management services, investment analysis, investment performance measurement, ERISA reporting and brokerage reporting.

Reports to clients are delivered in five to 10 days.

Fees are based on asset value and income collected.

The client contact is H. Louis French, vice president.

M&I Marshall & Ilsley Bank

770 N. Water St., Milwaukee, Wis. 53201; (414) 765-8187

Master trust assets	$1,200,000,000
Master custodial asset	$100,000,000
Other	$700,000,000

M&I Marshall & Ilsley Bank has 25 master trust clients and two master custodial clients. There are six account supervisors.

The size of the smallest master trust client is $4 million; the largest is $250 million.

Settlement date accounting is used; pending trade schedule is optional.

Basic master trust services include automated cash money market funds and performance measurement. Reports to clients are delivered five to seven days after the end of the period. The client contact is Morry L. Birnbaum, vice president.

Montreal Trust

15 King St. W., Toronto, Ontario, Canada M5H 1B4; (416) 860-5555

Master trust assets	$2,836,000,000
Other	$6,950,000,000

Montreal Trust has 110 master trust clients holding 225 portfolios for 512 participant funds.

The size of the smallest master trust client is $2 million; the largest is $450 million. Settlement date accounting is used.

Basic master trust services include corporate trusteeship for consolidated pension fund, consolidated accounting, government reporting, automatic crediting and allocation of dividends, interest and capital gains, trust documentation, portfolio analysis and performance measurement, benefit payment services, investment management, indexed fund capability, and on-line asset reporting.

Investment management fees are based on average market value.

Safe custody fees are based on average book value.

The client contact is William Henderson, vice president, pension administration, (416) 860-5756.

n

National Bank of Detroit

611 Woodward Ave., Detroit, Mich. 48226; (313) 225-3221

Master trust assets	$5,150,000,000
Master custodial assets	$6,200,000,000
Other	$128,000,000

National Bank of Detroit has 62 master trust clients and 47 master custodial clients. There are seven account supervisors.

The size of the smallest master trust account is $5.5 million; the largest is $1.35 billion. Trade date and accrual accounting are used.

Basic master trust services include centralized custody and safekeeping of assets, consolidated reporting, ERISA disclosure assistance, fail float guarantee, STIF, benefit disbursements and participant recordkeeping.

Optional services offered by the bank include performance measurement, portfolio analysis, equity analysis, securities lending, on-line inquiry and global custodian capabilities.

Reports to clients are delivered five business days after the end of period. Fees are calculated by a combination of asset value and individual services.

The client contact is Creighton R. Meland, junior assistant trust officer.

National Trust Company Ltd.

21 King Street E., Toronto, Ontario, Canada M5C 1B3; (416) 361-3838

Master trust assets	$2,544,000,000
Other	$4,822,000,000

National Trust has 35 major clients. It employs 10 master trust supervisors. The smallest master trust client is $4.8 million; the largest master trust client is $800 million.

Basic master trust services are available in the cities of Toronto, Montreal, Vancouver, Calgary and Edmonton. The services include trusteeship for consolidated and individual trusts, consolidated and individual accounting, government reporting, and electronic and/or paper check pension payments.

Master trust system capabilities include on-line terminal installation in client and investment counselor offices, cash flow projections, performance measurement, tape transmissions, automated income posting on a receivable basis, automated master trust unit purchases and redemptions, automated income and capital gain/loss distribution, security settlement system through Manufacturers Hanover, and custodial agents in 10 European countries and three Asian countries.

Reporting features include standard and custom consolidated and individual reports, analytical reports, and statements delivered within 10 business days.

The client contact is D.D. Landreville, vice president, employee benefit services.

The Northern Trust Co.

50 S. LaSalle St., Chicago, Ill. 60675; (312) 630-6000

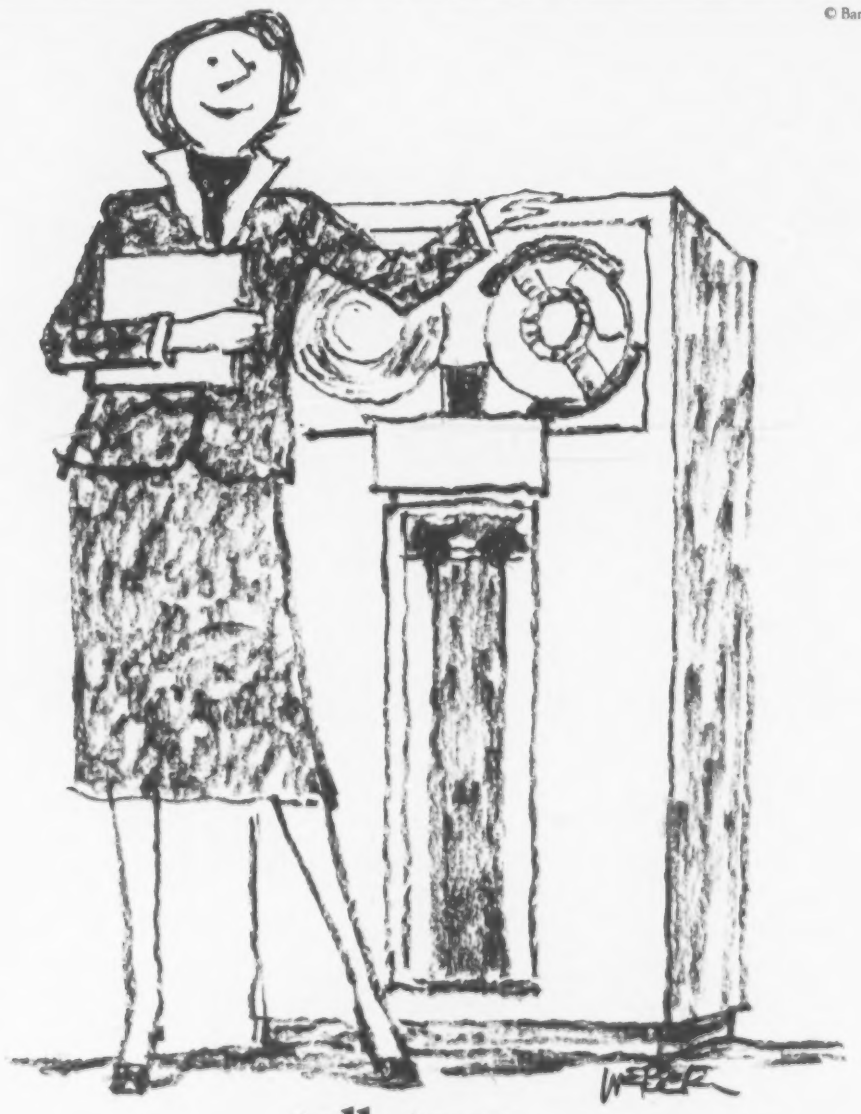
Master trust assets	$41,724,000,000
Master custodial assets	$5,893,000,000
Other	$682,000,000

The Northern Trust Co. has 122 master trust clients, 37 master custody clients and 19 account supervisors.

The size of the smallest master trust account is $8 million; the largest is $4 billion.

Settlement date accounting with trade date reporting is available.

Basic master trust services include assigned full-time account officer; comprehensive reporting including quarterly plan accounting statements with complete ERISA package; electronic delivery system providing on-



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For additional information, please write to Benjamin A. Brown, Vice President, Financial Relations, Dept. H, ENSERCH Center, Box 999, Dallas, Texas 75221.

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line access to accounting and performance data and enhanced reporting and analytical capabilities; full accrual accounting; options and futures accounting; fiduciary control. The bank has complete performance measurement and analytical services including equity and fixed passive fund management, long-range forecasting of pension assets and liabilities, asset allocation, and consulting; in-house benefit payments unit, securities lending programs; and global custody.

Reports to clients are delivered three to five days after the end of the period, or on-line, 22 hours per day.

Fees are based on the client's market value.

The client contact is Michael S. Terry, vice president.

Norwest Bank Minneapolis

Eighth & Marquette, Minneapolis, Minn. 55479; (612) 372-5983

Master trust assets	$1,066,000,000
Other	$3,216,000,000

Norwest Bank Minneapolis has 11 master trust clients. There are four account officers.

The size of the smallest master trust client is $5 million; the largest is $300 million.

Basic master trust services include automatic cash management, benefit disbursement, ERISA disclosure assistance, performance measurement, participant recordkeeping, securities lending, portfolio analysis and portfolio review.

Basic fees are based on asset market values plus transactions.

The client contact is John A. Maschoff, vice president.

r

Rainier National Bank

P.O. Box 3966, Seattle, Wash. 98124; (206) 621-4298

Master trust assets	$102,000,000
Master custodial assets	$874,000,000
Other	$2,796,000,000

Rainier National Bank has six master custodial clients.

The size of the smallest master custodial account is $34 million; the largest is $505 million.

The settlement date is used for accounting procedures.

Basic master custodial services include consolidated accounting, summary of accountings and cash sweep.

Reports to clients are delivered in 15 business days. Fees are calculated as a percentage of assets.

The client contact is Ken Carlson, assistant vice president and manager.

RepublicBank Dallas

P.O. Box 241, Dallas, Texas 75221; (214) 653-6506

Master trust assets	$12,100,000,000
Master custodial assets	$1,900,000,000

RepublicBank Dallas has 175 master trust clients and nine custodial clients. There are 12 account supervisors.

The size of the smallest master trust client is $3 million; the largest is $2 billion.

Trade date and settlement date accounting are used. Accounting also is provided on a cash or accrual basis.

Basic master trust services include daily cash management, cash forecasting, fail float earnings, performance measurement, portfolio diagnostics, benefit payments and withholding, on-line reporting, TUCS, securities lending, options processing plan, 150 accounting investment reports, plan accounting, international custody, government reporting, participant recordkeeping, 401(k) and PAYSOP administration.

Reports to clients are delivered five days after the end of the period.

Fees are calculated on a percentage of the market value and transaction charges.

The client contacts are David J. Pittman, senior vice president, (214) 653-6506, and Jerry L. Turner, vice president, (214) 653-6880.

Royal Trust

P.O. Box 7500, Station A, Toronto, Ontario, Canada M5W 1P9; (416) 867-2403

Master trust assets	$5,500,000,000
Other	$3,300,000,000

Royal Trust has 59 master trust clients. There are 12 account supervisors.

The size of the smallest master trust account is $4 million; the largest is $815 million.

Trade date and settlement date accounting are used.

Basic master trust services include monthly financial reports, on-line inquiry, on-line data entry for security transactions, use of CDS and DTC, deposit of income on payable date and global custody. Optional services include a portfolio management system and performance measurement.

Reports to clients are delivered 10 to 15 days after the end of the period.

Fees are based on average market value for managed clients and on average cost value for custodian clients.

James Gordon is client contact.

S

State Street Bank & Trust Co.

225 Franklin St., Boston, Mass. 02110; (617) 786-6353

Master trust assets	$30,087,000,000
Master custodial assets	$22,968,000,000
Other	$121,752,000,000

State Street Bank & Trust Co. has 72 master trust clients and 47 master custodial clients. There are 13 account officers and 30 account supervisors servicing a total of 1,037 client portfolios.

The size of the smallest master trust account is $3 million; the largest is $10.9 billion.

In addition to tax-exempt pension and endowment accounts, State Street provides custody services for $115 billion in mutual fund assets. Accounting and recordkeeping are provided on a trade date, full accrual basis.

Basic master trust services include safekeeping of assets, cash management through several short-term investment vehicles, settlement and control of all portfolio trades, corporate action monitoring, determination and collection of income, cash availability reporting, accounting for options, futures, real estate, interactive ledger accounting, DTC and FBE participation, on-line institutional delivery system, daily and weekly or monthly valuation of assets, fiduciary control, plan accounting, 401(k) capabilities, benefit payments and participant recordkeeping, securities lending, and global custody.

In addition, performance measurement and analytic services are offered.

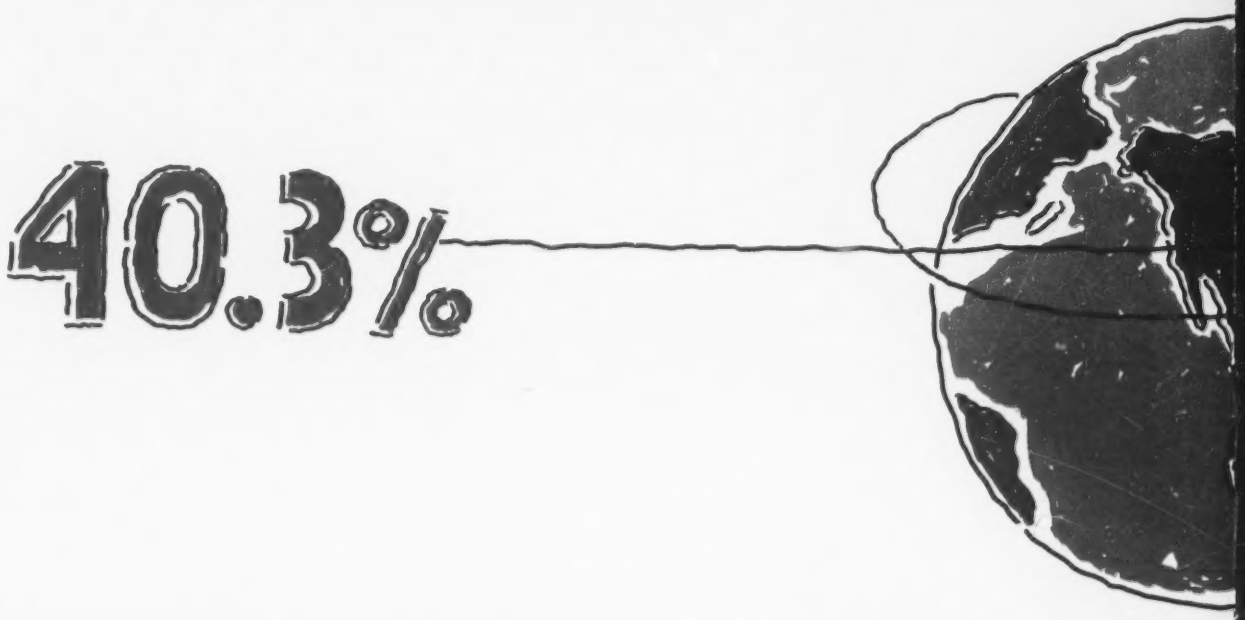
On-line access capabilities are available for portfolio accounting information and performance measurement. Clients can format and customize their own reports through on-line access services using the IBM PC. Reports are available in hard copy, microfiche and through remote printing capabilities.

Reports are delivered between five and seven business days following the end of the period.

Fees are based on asset value, portfolio structure and trading volumes. Optional services are unbundled.

The client contacts are Mike Herlihy, vice president for corporate, union, endowment and foundation plans, and J.D. Nelson, vice president for public funds.

Pensions & Investment Age's *June 25 issue will contain a ranking and directory of international money management firms.*



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t

Texas Commerce Bank
P.O. Box 2558, Houston, Texas, 77252 (713) 236-5788

Master trust assets	$1,100,000,000
Master custodial assets	$1,000,000,000
Other	$8,000,000,000

Texas Commerce Bank has 11 master trust clients and eight master custodial clients. There are 10 account supervisors.

The size of the smallest master trust client is $10 million; the largest is $558 million.

Modified trade date accounting is employed.

Basic master trust services include emphasis on client and investment manager communications, timely benefit payments, accurate participant recordkeeping for defined contribution plans, daily cash sweeps and direct participation in DTC.

Reports to clients are delivered in 10 days.

Fees are based on the volume of activity generated.

The client contact is Russell K. Schulze II.

u

United States Trust Co. of New York
45 Wall St., New York, N.Y. 10005; (212) 806-3834

Master trust assets	$9,100,000,000
Master custodial assets	$5,900,000,000
Other	$8,000,000,000

United States Trust Co. of New York has 65 master trust clients and 23 master custodial clients. There are eight account supervisors.

The smallest master trust client is less than $1 million; the largest is $1.9 billion.

The actual settlement date is used for accounting purposes.

Basic master trust services include trade processing, safekeeping, collection of interest and dividends, weekly and cumulative monthly statements, monthly valuations and quarterly allocations.

Reports to clients are delivered in two to 10 days after the end of the period.

Fees are based on the market value of the assets and number of transactions. The number of investment managers also serves as a base for fees.

The client contact is Robert Pagano.

Pensions & Investment Age will publish its annual ranking and directory of Canadian money management firms, and banks in the July 9 issue.

W

Wachovia Bank & Trust Co.
P.O. Box 3099, Winston-Salem, N.C. 27102; (919) 748-6348

Master trust assets	$12,000,000,000
Master custodial assets	$256,274,000
Other	$310,000,000

The Wachovia Bank & Trust Co. has 35 master trust clients and two master custodial clients. There are 10 account supervisors.

The size of the smallest master trust client is $20 million; the largest is $2.7 billion.

Trade date adjusted accounting is employed.

Basic master trust services include accounting, benefit disbursement, cash management, foreign custody, options and financial futures, securities lending, ERISA disclosure assistance, performance measurement, on-line access and portfolio review.

Reports to clients are delivered 10 days after the end of the period.

Fees are based on a combination of market value and specific services provided.

The client contact is Jane B. Fisher.

Wells Fargo Bank
P.O. Box 63050, San Francisco, Calif. 94163; (415) 396-5561

Master trust assets	$4,290,000,000
Master custodial assets	$3,935,000,000
Other	$13,000,000,000

Wells Fargo Bank has 22 master trust clients and 10 master custodial clients. There are four senior account supervisors.

The size of the smallest master trust client is $10 million; the largest is $950,000,000.

Trade date and settlement date are used for accounting purposes.

Basic master trust services include reporting, cash management, income control, securities settlement, custodial services, benefit payments, on-line portfolio inquiry, electronic mail and on-line analysis.

Reports to clients are delivered in 10 days.

Fees are unbundled and based on market value of assets and transaction activity. The client contact is Morgan L. Patch.

Wilmington Trust Co
Rodney Square North, Wilmington, Del. 19890; (302) 651-1000

Master trust assets	$6,501,000,000
Master custodial assets	$100,000,000
Other	$14,900,000,000

Wilmington Trust has six master trust clients and 20 master custodial clients. There are four account supervisors.

The size of the smallest master trust client is $70 million; the largest is $5.8 billion.

Trade date accounting is used.

Basic master trust services include custody, benefit disbursements, cash management, accounting performance measurement, remote terminals, executive summary, management detail, audit detail reports and participant recordkeeping.

Reports are delivered to clients 10 to 15 working days after the end of the period.

Fees for services are negotiated.

The client contact is John J. Lister, (302) 651-8365.

Satisfied . . .

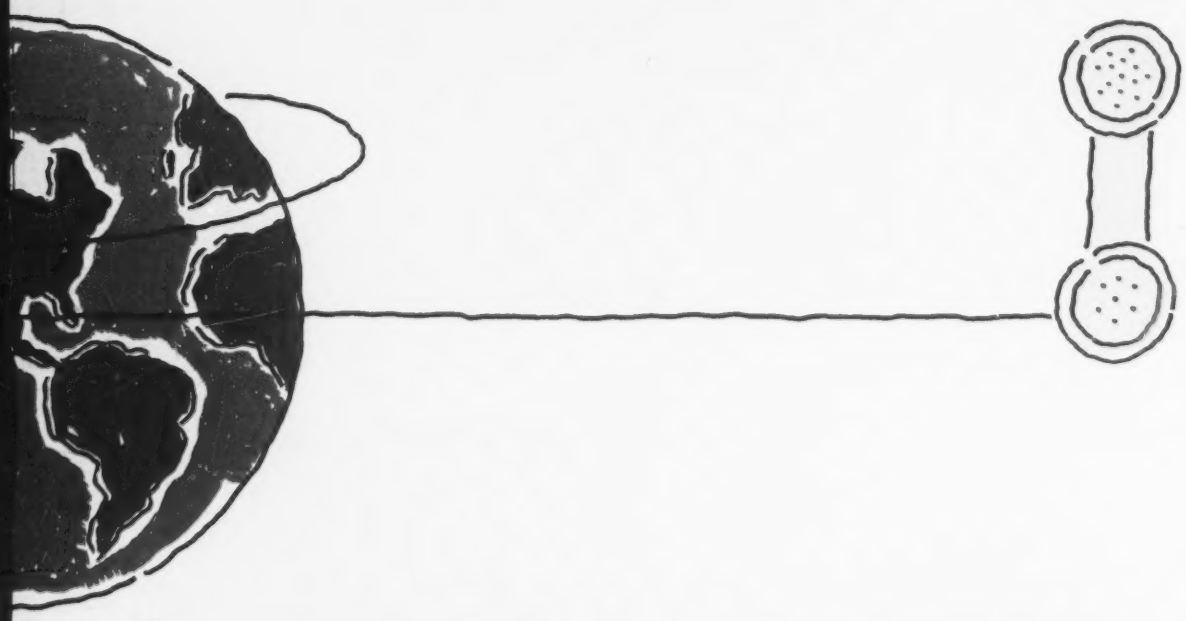
Continued from page 19

They are: Bank of America; Bank One, Dayton, Ohio; Bank of New York; Bank of Virginia, Richmond; Boatmen's National Bank of St. Louis; Commerce Bank & Trust Co., Topeka, Kan.; Continental Illinois National Bank and Trust Co. of Chicago; First Kentucky Trust Co., Louisville.

Also rated by one respondent: First Pennsylvania Bank, Philadelphia; First Trust Co. of St. Paul, Minn.; Indiana National Bank, Indianapolis; Irving Trust Co., New York; Manufacturers Hanover Trust Co., New York; Manufacturers National Bank of Detroit.

Also rated by one respondent: Mercantile Safe Deposit and Trust Co., Baltimore; Morgan Guaranty, New York; Norwest National Bank of St. Paul, Minn.; Pittsburgh National Bank; Security Pacific National Bank, Los Angeles; Sun Bank of Tampa Bay, Fla.; and United States Trust Co. of New York. ■

Pensions & Investment Age **welcomes letters to the editor. Letters should include the name and company of the writer. The editors reserve the right to condense any letter.**



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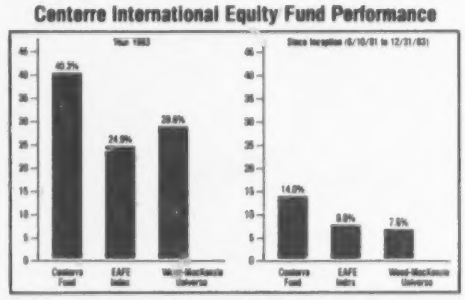

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Cash Management

Bell Atlantic forms unit from scratch

By Richard J. Gillespie

PHILADELPHIA — While Bell Atlantic Corp. officially was born Jan. 1, preparations for its birth had been taking place since last spring, even before the treasury team moved into its new building at 1600 Market St.

The treasury operations of the parent company for the $8.5 billion giant had to be built from the ground up, according to Peter Bruderley, staff manager of working capital management, who formerly was cash manager of Bell of Pennsylvania and Diamond State Telephone.

"It was a major undertaking to get things set up," said Mr. Bruderley.

"Keep in mind that we were a brand new company being formed, easily in the top Fortune 50, for sure. We are the parent company and we had to provide the cash management facilities for that company, starting from scratch. Basically, there was absolutely nothing to start with."

Bell Atlantic actually was taking shape even as the treasury team under Bill Morbraaten, vice chairman and chief financial officer, was pulling together the operational procedures. Those procedures now enable the parent company to monitor daily the billion-dollar cash flows of its seven telephone companies and nine subsidiaries.

Naturally, the first thing the cash management staff did was to initiate a search for a concentration bank to service Bell Atlantic in Delaware, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia and Washington, D.C.

Mellon Bank, Pittsburgh, was selected as the concentration bank. Provident National Bank, Philadelphia, was selected as the common stock dividend disbursement bank, an important position because Bell

Continued on page 41

Largest changes in cash holdings*

(Quarter ended 12/31/83)

Company	Cash & short-term investments —($ millions)— 1983	1982	% change '83 vs.'82
10 largest cash positions among the Fortune 100 corporations			
General Motors	$6,217	$3,126	98.88
AT&T	5,802	3,107	86.74
Int'l Business Machines	5,536	3,300	67.76
Exxon Corp.	4,096	3,449	18.76
Ford Motor	3,152	1,555	102.70
Standard Oil (Calif.)	2,547	1,873	35.99
General Electric	2,505	2,587	−3.17
Standard Oil (Ind.)	2,194	1,360	61.32
Texaco Inc.	2,100	2,304	−8.85
Gulf Oil	1,711	1,225	39.67
10 largest increases in cash and short-term investments			
Signal Cos.	$1,046	$ 98 (R)	967.35
Anheuser-Busch	218	22	890.91
Time Inc.	330	37	791.89
IC Industries	180	26 (R)	592.31
Deere & Co.*	215	52	313.46
Boeing	1,095	294	272.45
Tenneco	167	45	271.11
Aluminum Co. of America	271	80	238.75
Consolidated Foods	304	92	230.43
Continental Group	176	66	166.67
10 largest decreases in cash and short-term investments			
Philip Morris	$ 30	$ 53 (R)	−43.40
Standard Oil (Ohio)	91	163	−44.17
Gulf & Western*	201	397	−49.37
Nabisco Brands	250	495 (R)	−49.49
Allied Corp.	81	176	−53.98
North American Phillips	29	64	−54.69
Texas Instruments	185	420	−55.95
Occidental Petroleum	242	572	−57.69
International Paper	226	677	−66.62
LTV	55	312	−82.37

** Top 100 industrial companies*
** Quarter ended 10/31/83*
(R) Revised

Computed by corporate and investment data bank maintained by Wright Investors' Service, Bridgeport, Conn.

Recovery boosts '83 cash holdings

NEW YORK — The strong recovery and a cautious attitude by corporate management made 1983 the year of the corporate cash bonanza, figures compiled from end-of-year statements confirm.

"Most of the companies are loaded with cash. Cash earnings were huge last year," said Harivadan Kapadia, a vice president with Wright Investors' Service of Bridgeport, Conn., which prepared the analysis.

"Most of the companies cut down their costs in the recession such that a small increase in sales gave them a good earnings gain."

The cash and short-term portfolios of the largest 100 industrial corporations grew by $20 billion during 1983 to $74 billion at year-end, with 16 corporations increasing their cash by more than 100%.

Individual gains were impressive. General Motors Corp. reported end-of-year cash and short-term investments of $6.2 billion, a 99% improvement for the year. American Telephone & Telegraph Co., on the day before divestiture, held $5.8 billion in cash and short-term securities, an increase of more than 86% for the year. (The new AT&T Technologies, formerly Western Electric, held $60.7 million on the same day, which was not included in the $5.8 billion).

For its part, International Business Machines Corp., powered by the success of its personal computer, held cash and short-term investments of $5.5 billion, up from $3.3 billion at the end of 1982.

The biggest single increase in cash and short-term investments among the 100 largest industrial corporations was recorded by Signal Cos., whose liquid assets increased by more than 967% in 1983. Signal held more than $1 billion at the end of 1983, compared with $98 million at the end of 1982.

Anheuser-Busch Cos. Inc., Time Inc., IC Industries Inc., Deere & Co. and Boeing Co. also showed huge gains in the level of short-term instruments held, while the biggest declines were shown by The LTV Corp. (−82%), International Paper Co. (−66.6%), Occidental Petroleum Corp. (−57.7%) and Texas Instruments Inc. (−56%).

While the level of a company's cash and short-term investments taken alone reveals almost nothing about the corporation's financial strength or weakness of a corporation, the aggregated figures do document the liquidity of the largest 100 corporations.

Individually, the cash reserves might come about purely as the result of happenstance. Taken as a whole, however, the figures reflect the growing strength of the recovery and the attitude of corporate management.

As the economic expansion entered its second year, companies were enjoying substantially improved liquidity, even while management allowed inventories to run down.

The figures also show that the growth of corporate liquidity was fairly consistent throughout the universe of 100 corporations during the year.

In previous quarters, the largest 10 companies enjoyed considerable growth in liquid assets, while the smaller corporations were hauling themselves out of the recession. For 1983 as a whole, the gains were enjoyed consistently across the board.

The largest five corporations reported a 57% increase in cash, and the largest 10 corporations enjoyed a 41% improvement. The smallest 10 corporations on the list showed a 49% increase as a whole.

The companies with the least cash at year-end were Martin Marietta Corp., $25 million; North American Philips Corp., $29 million; Philip Morris Inc., $30 million; and American Brands Inc., $31 million. ■

Computer break-ins: To catch a thief

By Richard J. Gillespie

LOS ANGELES — Many treasury workstations may be more vulnerable to computer "hackers" than the Strategic Air Command computers proved to be in the movie "War Games."

Most microcomputers with two-way communication are much easier to break into than mainframe computers, experts agree. However, experts say the greater threat comes from unauthorized use of the terminals by someone from within the company.

A hacker might be able to penetrate some treasury workstations and gain access to valuable corporate information for purposes such as industrial espionage. Also, an employee might be able to make unauthorized transactions.

But most treasury management system vendors feel relatively safe from the hackers' art.

"I haven't seen a system with a lot of security," agreed Jeff Fischer, president of Byad Inc., Arlington Heights, Ill. He has earned a reputation for creating bank industry standard software for making wire transfers, and now is marketing a treasury workstation that operates in the high-level microcomputer operating language known as "C."

Actually, most of the danger is not from hackers, so much as people in the treasury who have physical access to the system, Mr. Fischer said.

"Most of the systems are in an unsophisticated state and were developed quickly, and most have opportunities for things to happen, but I think it is more likely to come from within the corporation than from without."

While treasury workstations do not keep detailed strategies of global nuclear conflict in their data files, they do keep information on corporate cash flows, bank balances, credits, debits and employee payrolls. Some even have the capability to wire transfer funds on a free-form basis.

A security analyst or competitor corporation that gains access into a rival's treasury workstation would no doubt get a useful insight into that firm's activities.

And while Mr. Fischer knows of no treasury management workstation that has been designed with security specifically in mind, microcomputer expert Thomas G. Stroyls, a Los Angeles-based management consultant, believes that the overall level of security provided by the current generation of microcomputers is inadequate.

There are four types of individuals attempting to gain access to confidential corporate information, according to Eric S. Hogg, a vice president with the Bank of Montreal and an expert on systems security, who spoke at the Los Angeles Expo conference earlier this month. Terrorists, professional criminals and dishonest members of a corporation's staff, in addition to hackers, have been known to attempt, and succeed in gaining access to confidential data files, he said.

The greatest potential risks today are found in dial-up networks, he added, acknowledging that the treasury workstation uses an automated dial-up mechanism to access corporate bank balance and other information.

Treasury workstations are safe from hackers if they are programmed to dial out only at prearranged times, as most of them are today.

But systems that have been programmed to enable them to be accessed by other computers are vulnerable indeed, say experts.

And while the first generation of treasury management workstations does not allow this to happen generally, a second generation of products will.

There is a significant threat of tinkering when a treasury workstation is used in the so-called auto-answer mode, which means it is waiting to yield access to its files to

Continued on page 42

PIPER

Presented below is statistical data extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation service provided by Pensions & Investment Age. PIPER details comparative performance data on special equity and international funds, as well as equity and fixed-income funds. The report is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.

Japanese stocks propel leading funds

By Rose Darby

NEW YORK — Bank and insurance company international commingled funds with heavy exposures to Japan and the Netherlands were among the performance leaders of the past quarter, according to Pensions & Investments' Performance Evaluation Report.

Still, the Capital International Europe, Australia and Far East Index outperformed even the top funds, with a 15.4% annualized, time-weighted return.

For the quarter ended March 31, RepublicBank Dallas' International Stock Fund was the top PIPER performer, with an annualized time-weighted return of 14%.

The $15.1 million fund was weighted almost 50% in Japanese stocks and 17.5% in U.K. issues, said Neal Howe, assistant vice president.

"The rest was broadly diversified between Hong Kong, Australia, France, Switzerland and Sweden, and about 3.5% was in cash," he added.

The Japanese holdings, which were among the top performing issues, were concentrated in retailing stocks and in domestic stocks such as machine tool and electrical issues, he said.

Following RepublicBank were Morgan Guaranty Trust Co.'s International Equity Fund, with 10.4%, and Aetna Life & Casualty Co.'s International Fund, with a 10.1% investment return.

Aetna's $90 million fund is managed out of London by Aetna-Montagu, the joint venture of Aetna and U.K. merchant banker Samuel Montagu & Co., said David Steyn, the vice president who oversees the fund.

"We had a very high allocation to three of the best performing markets," Mr. Steyn said.

There was a 55% weighting in Japan, up to 3% in Hong Kong and more than 6% in the Netherlands, compared with a Capital International World Index weighting of 2.6%, he added.

"We've also been emphasizing the hard currency markets of Europe, including Germany, Switzerland and the Netherlands because we expect these markets to show effective currency gains against the dollar," Mr. Steyn said.

In fourth place for the first quarter was Fidelity Management Trust Co. in Boston, with a 9.8% rate of return.

First Chicago Investment Advisors International Equity Fund came in fifth, with 9.7%.

Morgan's International Equity fund emerged the champion for the year ended March 31, with a 38.2% annualized time-weighted rate of return.

Morgan's international fund also occupied second place for the three- and five-year periods.

Morgan's was the only fund that outperformed the EAFE's 35.8% rate of return during the one-year period.

Fidelity took second place for the year, with 33.8%.

That $33 million equity fund was heavily weighted in Japanese growth and technology stocks, said William Fink, vice president.

Fidelity International, which manages the fund, has offices in London, Tokyo and Hong Kong, Mr. Fink said. Most of the stock picking is done by managers in each of those offices, he added.

Taking up third, fourth and fifth places, respectively, for the one-year period were Mellon-Pictet's International Investment Fund, with 32.7%; Citibank's International Equity Fund, 32.5%; and U.S. Trust Co.'s International Pooled Fund, 31.1%.

The top fund for the three years ended March 31, 1984, was First Chicago, with a 16.4% return.

Close behind with a 12.5% rate of return was Morgan Guaranty, followed by U.S. Trust Co., with 11.1%.

The EAFE logged an 11.8% rate of return for the three years.

For the five years ended March 31, 1984, U.S. Trust broke into the lead with a 20.7% return.

Morgan Guaranty was the runner-up with 15.1% and Citibank was third with 13.7% for the five-year period.

The EAFE came in at a 12.7% annualized time-weighted rate of return for the five years.

PIPER compares the results of international fixed-income and equity funds.

PIPER is compiled by Rogers, Casey & Barksdale, Stamford, Conn. ■

RepublicBank Dallas leads special equity

STAMFORD, Conn. — RepublicBank Dallas' special equity fund moved into the top spot for the three-month and one-year periods in the Pensions & Investments' Performance Evaluation Report.

Republic's fund returned 9% for the three months ended March 31, 1984, and 47.6% for the year ended March 31. Citibank, New York, was second in both periods, returning 8.7% for the quarter and 29.7% for the year. For the three-year period, Security Pacific Bank, Los Angeles, was first, with 32.9%.

California First was the top performer during the five-year period ended March 31, returning 39.6%. Mercantile Bank at Dallas was first for the 10-year period, with a 24.1% return. ■

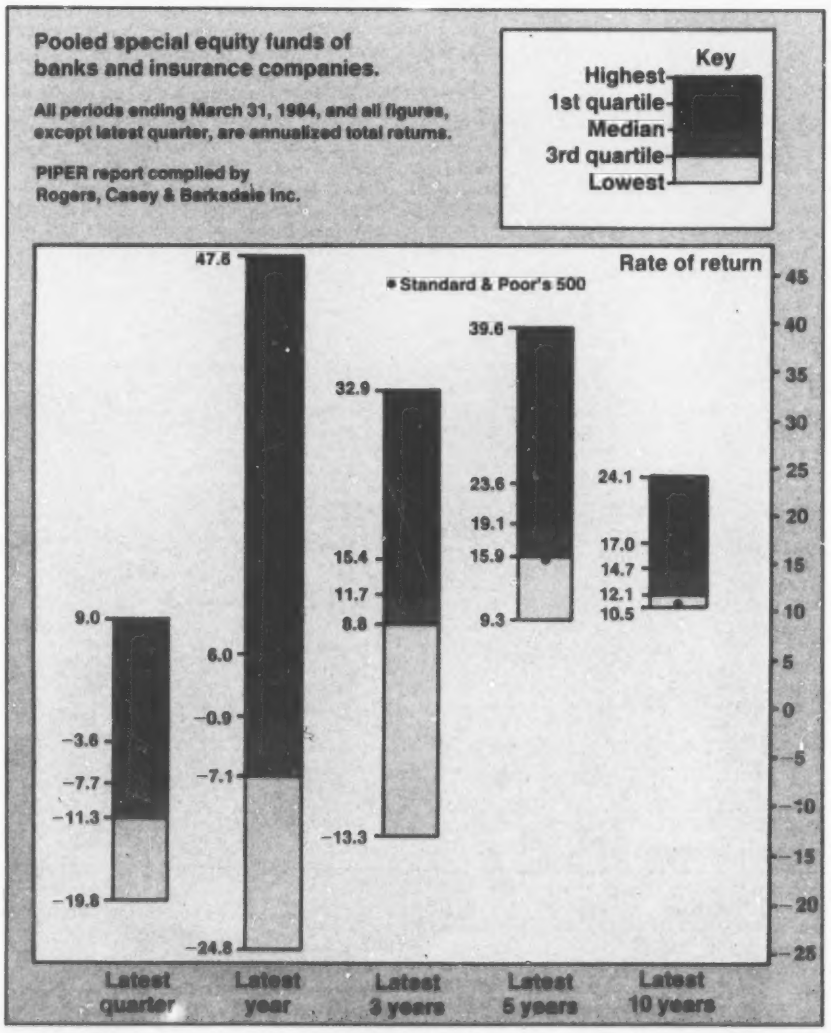
Top quartile commingled special equity funds

3-month returns

	%
RepublicBank, Dallas	9.0
Citibank, N.Y.	8.7
Continental Natl. Bank, Texas	4.5
Valencia Bank, Calif.	3.0
Natl. of Commerce, Tenn.	2.8
Texas American Bank	2.1
Mercantile Trust, Mo.	1.6
Prudential, N.J.	1.3
Provident National, Pa.	1.0
Wachovia Bank, Div. Cap., N.C.	0.3
Wachovia Bank, Spe. Val., N.C.	−0.4
First of Minneapolis	−0.7
First of Boston	−0.7
Mutual of New York	−1.0
First of Neenah, Wis.	−1.0
Metropolitan Life, N.Y.	−1.6
Oregon Bank	−2.0
Man. Hanover, Supp. Eq.	−2.2
Man. Hanover, Uncom. Eq.	−2.4
Standard & Poor's 500	**−2.4**
Pittsburgh Natl., Pa.	−2.4
Citibank, N.Y.	−2.7
Morgan Guaranty, N.Y.	−3.1
Merchants Natl., Ind.	−3.3

1-year returns

	%
RepublicBank, Dallas	47.6
Citibank, N.Y.	29.7
Wachovia Bank, N.C.	23.0
Mercantile Trust, Mo.	20.9
Manufacturers Hanover, N.Y.	19.0
Natl. of Commerce, Tenn.	19.0
Prudential, N.J.	17.1
Continental Natl., Texas	16.9
Morgan Guaranty, N.Y.	14.0
First of Boston	13.7
Provident National, Pa.	12.1
Mutual of New York	10.6
Fidelity Mgmt. Trust, Mass.	10.5
Pittsburgh National, Pa.	8.9
Metropolitan Life, N.Y.	8.8
Standard & Poor's 500	**8.7**
Oregon Bank	7.6
Trust Co. of the West	7.1
First of Maryland	6.7



Merchants Natl., Ind.	6.4
First of Minneapolis	6.2
First of Chicago	6.2
Prudential, N.J.	6.1

3-year returns

	%
Security Pacific, Calif.	32.9
Calif. First Bank	22.5
Provident National, Pa.	21.6
First of Maryland	21.4
Citibank, N.Y.	19.5
Manufacturers Hanover, N.Y.	18.1
Norwest Bank, Minn.	18.0
Mercantile at Dallas	17.5
Bank One, Ohio	17.0
First Interstate of Nevada	16.9
First of Boston	16.8
Connecticut National	16.7
Natl. City Cleveland	16.6
First Trust St. Paul	16.6
Prudential, N.J.	16.1
Merchants National, Ala.	16.0
First of Chicago	15.9
Prudential, N.J.	15.8
Morgan Guaranty, N.Y.	15.5

5-year returns

	%
California First Bank	39.6
Mercantile at Dallas	31.0
Continental Illinois	28.8
Prudential, N.J.	28.1
Connecticut Bank & Trust	26.8
Norwest Bank, Minn.	26.4
Bankers Trust, N.Y.	26.2
Equitable Life, N.Y.	25.4
Bank of Southwest, Texas	24.7
Chemical Bank, N.Y.	24.5
Merchants National, Ala.	24.2
Interfirst Invt. Mgmt., Texas	23.8
First of Maryland	23.7

10-year returns

	%
Mercantile at Dallas	24.1
Equitable Bank, Md.	22.6
California First Bank	21.1
Bankers Trust, N.Y.	17.7
Connecticut Bank & Trust	17.7
Provident National, Pa.	17.6
Bank of America, Calif.	17.5
AmeriTrust, Ohio	17.1

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'Informal' foreign investment pervasive

By Rose Darby

NEW YORK — Many U.S. pension funds have significant portions of their equity portfolios invested internationally, but don't know it.

According to one study by a consulting firm, this "informal" international investment amounts to about 2% of domestic equity portfolios and is growing.

This is because money managers increasingly are using international securities in domestic pension fund portfolios.

The practice has been helped along by the flagging U.S. equity and bond markets during the past year.

Indeed, U.S. net purchases of foreign stocks are taking on immense proportions, having topped $3.8 billion for the past year, up almost 79% from the 1980 level of $2.1 billion. Gross purchases in 1983 catapulted to $30.1 billion, twice the level of the year earlier.

Pension funds that have no separate international portfolios often hold a number of foreign stocks, American depository receipts and foreign bonds in their domestic portfolios, according to both domestic and international money managers.

Alliance Capital Management Corp.; Capital Guardian Trust Co.; Morgan Guaranty Trust Co.; Scudder, Stevens & Clark; and Bessemer Trust Co. are among investment advisers who said they often purchase international equities and fixed-income securities for the domestic portfolios of clients.

This comes as no surprise in light of the fact that, in dollar terms, the stock exchanges of 12 countries left the U.S. equity market in the dust last year.

For the year ended March 31, the Europe, Australia, Far East Capital International Index appreciated 32% vs. an increase of 8.7% in the Standard & Poor's 500 stock index.

Overall, the amount of European stocks purchased by U.S. investors advanced to $2.2 billion last year from the $797 million for 1982, according to the Securities Industry

Continued on page 49

Late news

Changes at United

CHICAGO — Robert Gillette, director of pension fund management for Emerson Electric Co.'s more than $350 million master trust, is leaving to join United Air Lines.

He will replace Nancy Covington, pension assets administrator in charge of United's roughly $3.1 billion in employee benefit assets.

Sources said Ms. Covington will be transferred to an undetermined spot within United.

Pensions & Investment Age

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Diamond Shamrock granted exemption

By Kimberly Blanton

WASHINGTON — The Department of Labor has granted approval for Diamond Shamrock Corp.'s contribution of an oil and gas royalty to its pension fund.

In January 1982, Diamond Shamrock placed an interest in an oil and gas royalty valued at $18 million in its pension fund to meet part of its 1981 and 1982 contributions.

More than two years after the oil company applied to the Labor Department, the agency has granted a special exemption that effectively gives its approval to the transaction. Dealings between a company and its pension fund are prohibited under the Employee Retirement Income Security Act of 1974, unless a special exemption is granted.

"We're pleased it's finally been approved. We didn't feel from an investment standpoint there was any problem" with the oil interest, said John Ring, Diamond Shamrock vice president.

During the two full years (1982 and 1983) the royalty interest has been in the fund, its return "very nicely exceeded" the estimated 20% annual return to the royalty, Mr. Ring said. This estimate was used to determine the $18 million value of the royalty upon contribution.

"It just worked out very nicely the corporation could make the contribution for the year in kind," he added.

Because there is such a laborious process for special exemptions, "by

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Mercer-Meidinger loses staff

3 resign merged firm

By Marci Baker

LOUISVILLE, Ky. — Three key investment management consultants resigned from the recently merged William M. Mercer-Meidinger consulting organization.

Dave Eager, managing director in charge of the firm's investment consulting subsidiary, Meidinger Asset Planning Services, and Caroline Cummings, director of that group's investment manager research function, are leaving to start their own money manager consulting firm.

Their resignations follow on the heels of Roger Bransford's departure. Mr. Bransford, who had been a managing director for Mercer-Meidinger in Atlanta, has joined Meridian Management Co. in Little Rock, Ark., as president.

Messrs. Eager and Bransford had been among 10 senior Meidinger executives to receive long-term employment contracts at the time of the merger. Both had joined Meidinger six years ago from A.G. Becker. Ms. Cummings came on board in 1979.

Sources termed the departures significant losses for the firm. One of Mercer's prime reasons for acquiring Meidinger was its investment consulting practice.

Frank Peabody is the managing director who will fill Mr. Eager's shoes until a formal successor is named. He credited Messrs. Eager and Bransford, in particular, for "building a lot of strength and depth in the investment consulting group."

However, he added that while the firm regrets losing them, "the practice doesn't hinge on one or two professionals."

In addition, Mr. Peabody said, departures are to be expected in almost any merger situation.

"It's a time when people re-evaluate their careers," he said.

Indeed, none of the three cited the merger as the direct motivation for leaving.

"My decision was spawned by a desire to get someplace rather than leave here," Mr. Eager said, adding he and Ms. Cummings had talked about the idea of a consulting firm for managers for some time.

Mr. Bransford noted his decision to leave grew from a desire to return to the investment business, which he had grown a[way] because of his ma[na]sibilities at Mercer-Meidin[ger].

He admitted, however, t[hat] the merger provided "good timi[ng]" for a move. "It made things easy for me," he said. "I was paid well and treated well, but it's just a different type of operation now."

Sources noted Meidinger has held to a centralized operating approach within its asset planning division, with full authority for investment consulting remaining in the hands of relatively few individuals.

Mercer, on the other hand, operates under a much more decentralized approach, where staff members outside the consulting area could provide these services to clients.

A number of sources have said these different operating philosophies have created concern on the part of Meidinger employees over the potential loss of quality control within the asset planning group.

Both Messrs. Peabody and Eager conceded this has been a legitimate concern within the newly merged firm. However, Mr. Peabody said Mercer-Meidinger believes it's in the company's interests to move Mercer's philosophy more toward that of Meidinger's.

Mr. Eager added he sees the firm "moving toward much more control over the consulting operation and just who can provide the service."

Mr. Eager and Ms. Cummings

Continued on page 52

Business-labor effort on rules strikes out

By Joel Chernoff

WASHINGTON — The fragile business-labor coalition to amend single-employer plan termination insurance rules has broken up, seriously impairing the Reagan administration's ability to pass reform legislation this year.

However, some experts believe the Pension Benefit Guaranty Corp. still might try to push the legislation, or at least attempt to get an increase in the annual premium for single-employer plans to $7 per participant.

The premium is now $2.60, and the PBGC's deficit has soared to $520 million.

After leading business' fight for four years to pass the single-employer bill, the ERISA Industry Committee decided to oppose it.

The committee, a lobbying group of about 100 major employers, reversed its position at a June 1 meeting. It referred to amendments by Sens. Edward Kennedy, D-Mass., and Howard Metzenbaum, D-Ohio, that would expand liability for employers in plan terminations.

The committee took no position on the premium increase. The Sen-

Continued on page 50

President Reagan

The Chicago Transit Authority's pension plan has replaced Continental with Harris Trust & Savings Bank

Chicago plan hires Harris

Transit fund cuts Continental

By Barry B. Burr

CHICAGO — The $550 million Chicago Transit Authority Employees' Retirement System is ending its pension relationship with troubled Continental Illinois National Bank & Trust Co. of Chicago.

CTA officials said it was not a precipitous or political move.

Continental served as trustee-custodian for the pension assets. Also, it managed $124 million in short-term securities.

Before the recent developments, Continental had been selling off $50 million in bonds at the direction of the fund, said James M. Mullen, CTA supervisor of investments.

The CTA is replacing Continental with Harris Trust & Savings Bank, Chicago, which will serve as trustee-custodian. Fees have not been negotiated yet.

John Weatherspoon, trustee, said the fund hasn't decided where to place the short-term investments or the liquidating bond portfolio.

Mr. Weatherspoon said the fund considered The Northern Trust Co. and First National Bank of Chicago before selecting Harris.

The fund paid Continental $393,000 in management fees in 1983 and $422,000 in 1982, according to Paul Kole, who is the CTA chief financial officer and a management-appointed trustee. Neither Mr. Kole nor Mr. Weatherspoon could account for the decline in fees last year.

In an unrelated development, the CTA plans to make 5% of the fund, or about $27 million, available for mortgages at below-market interest rates to plan participants for single-family housing.

Mr. Weatherspoon said details of the mortgage program should be completed by fall.

Since the bank's publicized financial problems, three pension funds, including the CTA, have withdrawn their custodial accounts, while one hired Continental, a bank spokesman said.

The decision to drop Continental and the mortgage-loan proposal, both announced around the Memorial Day weekend, have raised charges of politics.

Continued on page 51

N.Y. teachers' system hires 2

ALBANY — The $12 billion New York State Teachers' Retirement System, hired BEA Associates Inc. and Oppenheimer Capital Corp. as equity managers in a continuing effort to diversify management.

Each new manager will be given $200 million. The money earmarked for the managers is coming from Manufacturers Hanover Investment Corp., which had acted as adviser to more than $4 billion in equities as of March 31.

Moreover, a spokesman said, it is possible at least one more manager will be picked in December. That, however, hasn't been decided yet. Nor has it been determined how much money the manager would get.

The funding has to be done through existing assets rather than new cash flow, said the spokesman, because the teachers' $4.7 billion equity commitment matches the 40% ceiling allowed under state law.

Manufacturers' account, which represents the bulk of that commitment, was the logical one to draw from, he explained.

"Both BEA and Oppenheimer have had good records," said the spokesman, explaining their selection. He added their styles will complement those of the fund's existing equity managers.

BEA and Oppenheimer are being brought in to fill out a block of value managers that will provide protection on the downside. The selection last year of Sanford C. Bernstein & Co. and Lehman Management Co. to run $150 million and $250 million, respectively, was the first move toward this goal.

The equity managers are expected to produce returns that will augment those of the teachers' $700 million internally run index portfolio.

Oppenheimer's account became effective June 1. BEA should be funded by the end of the summer. ■

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Carvel flavors fund with dealer notes

By Marci Baker

WASHINGTON — Carvel Corp. plans to place $1.25 million in Carvel dealer notes in its roughly $7 million retirement fund.

The Yonkers, N.Y.-based franchiser of retail ice cream stores still needs final approval from the Department of Labor, expected later this month.

Carvel has found the seven-year notes of its dealers are providing sweeter returns than the fund's vanilla-flavored stock and bond investments.

However, the fund needs a special exemption from the Labor Department to purchase notes with longer remaining terms before it can scoop up any more of the instruments.

The major pension fund buyers of dealer notes are those sponsored by automobile and heavy equipment dealers.

Under a current five-year class exemption, funds can invest up to 50% of their assets in dealer notes. If secured by heavy equipment or motor vehicles, notes with remaining terms of 48 and 60 months, respectively, can be purchased by pension funds. However, if notes are backed with personal property, pension funds can only buy those instruments with 36 months or less remaining.

Carvel's notes fall into the latter category, said Ronald Willett, a Labor Department employee benefits plan specialist. The notes, which are issued to the company by Carvel dealers, represent about two-thirds of a dealer's cost of equipment and opening a new ice cream outlet.

Since the class exemption was approved in 1979, the Carvel retirement fund has put almost 30% of its assets in these notes. The fund's trustees planned to increase that commitment to the maximum 50% allowed under the class exemption.

However, Mr. Willett said those efforts were put on ice by the lack of additional notes with 36-month remaining terms.

In its July 1983, request to the department, the Carvel plan is seeking permission to buy additional notes with remaining terms of 36 to 48 months. If approved, the plan's investments in Carvel dealer notes would reach about $3.2 million, or about 45% of its total assets.

Continued on page 52

Late news

Freeze extension

WASHINGTON — House and Senate conferees on the deficit reduction bill voted to extend the freeze on maximum contributions to, and benefits from qualified retirement plans until 1988.

The 1982 tax bill had scaled back the maximum annual benefit payable under a defined benefit plan to $90,000, and the top yearly contribution to a defined contribution plan to $30,000, and froze any cost-of-living adjustments until 1986.

Koch issues proposal

NEW YORK — Mayor Edward Koch has issued a proposal for restricting investments in South Africa by the New York City public pension funds. With this action, he joins other New York City trustees advocating such a policy.

The mayor's proposal prohibits investments in companies that do not adhere to the Sullivan Principles and puts a freeze on all future city investments in corporations doing business in South Africa.

The $20 billion New York City Public Employees' Retirement System reportedly has holdings of close to $2 billion in companies doing business in South Africa.

2 file for terminations

PHOENIX, Ariz. — Valley National Bank of Arizona and Armour Foods, both of Phoenix, have filed for spinoff/terminations of their pension plans. The bank would recapture $51 million from its $102 million pension plan, according to the Pension Benefit Guaranty Corp. It requested a termination date of March 15, 1984.

Armour, a unit of Greyhound Corp., hopes to recapture $91 million from three plans with total assets of $107 million, with an effective date of Dec. 21, 1983.

Anglo-Asian venture

LONDON — Nikko Securities Co. Ltd. and Charterhouse J. Rothschild PLC will form a joint venture in global money management for U.S. pension funds, said Richard Thornton, director of Charterhouse J. Rothschild and executive chairman of J. Rothschild Charterhouse Pacific Management Ltd. The jointly owned entity, the first Anglo-Japanese venture of its kind, will be named Nikko Charterhouse J. Rothschild Inc.

Bankers Trust named

NEW YORK — RCA Corp. has named Bankers Trust as the first master trustee of its roughly $2 billion retirement plan.

Personnel moves

• NEW YORK — Gary Helms, former vice president-investment management for Hughes Aircraft Co.'s $2.7 billion pension fund, will be joining Eberstadt Asset Management. He likely will open a Southern California office for Eberstadt. In an unrelated move, Larry Lynch, vice president-sales and marketing for Eberstadt Fund Management is joining Eberstadt Asset Management in the same capacity. He replaces Valerie Merrin, who moved to Citibank.

• CHARLOTTE, N.C. — James T. Moorhead has left as head of NCNB National Bank's fixed-income department to join Reimer & Koger Associates Inc., Shawnee Mission, Kan. Replacing Mr. Moorhead at NCNB is Steven Duff, who has worked in the bank's fixed-income area.

• NEW YORK — Timothy J. Heise will become vice president and head of real estate investment at Morgan Guaranty Trust June 18, taking over the real estate responsibilities held by Rohit Desai, who resigned. Mr. Heise spent more than six years at Citibank.

• LOS ANGELES — Tom Steffanci has resigned, effective June 18, as managing director of the fixed-income area for Trust Co. of the West, Los Angeles.

He is joining CMB Investment Counselors, Century City, Calif., as an executive director.

Replacing Mr. Steffanci will be James M. Goldberg, who resigned as executive vice president, manager of fixed-income activities, with Crocker Investment Management Corp., San Francisco.

Addendum to directory of managers

The following is an addendum to *Pensions & Investment Age's* April 30 directory of investment managers. Those listed turned in their questionnaires after the deadline or did not receive questionnaires. Excluded from this addendum and the April 30 directory are those investment managers with no tax-exempt assets under management.

Bessemer Trust Co.

630 Fifth Ave., New York, N.Y. 10111; (212) 708-9141

Total assets managed	$3,295,000,000
Tax exempt assets managed:	
Total	$374,000,000
Fully discretionary	$374,000,000
International assets managed	$84,000,000
Real estate assets managed	$11,600,000
Minimum separate account	$5,000,000
Tax-exempt clients	53
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	7

Bessemer Trust incorporates a strategy group in its equity approach that combines a top-down and bottom-up approach with a computer-assisted technique that screens a universe of 1,500 common stocks. Its research staff analyzes and confirms these findings and makes recommendations for stock purchases and target ranges for sales.

Its fixed-income strategy focuses on bonds that are purchased on the firm's interest rate forecasts and desired level of risk. Bessemer traditionally has concentrated on high-quality issues such as intermediate-term government securities.

As of Jan. 1, the asset mix was 65% stocks, 23% bonds, 9% cash and 3% equity real estate.

Clients include Metal Box PLC, New York State Bankers, W.R. Grace and the U.S. Naval Academy.

Charles W. Hastings, executive vice president, is the chief investment officer; Robert C. Elliott, vice president, is the client contact.

William Blair & Co.

135 S. LaSalle St., Chicago, Ill. 60603; (312) 236-1600

Total assets managed	$749,000,000
Tax-exempt assets managed:	
Total	$362,000,000
Fully discretionary	$362,000,000
Minimum separate account	$500,000
Tax-exempt clients	144
Types of accounts managed	CEFJ
No. of portfolio managers	10
Size of research staff	15

William Blair & Co. is known in the financial community for its expertise in researching and successfully investing in small- to medium-sized, high-quality emerging growth companies.

The firm makes limited use of options.

Conrad Fischer, partner, is chief investment officer; John K. Greene, partner, is client contact.

Daniel Breen & Co.

P.O. Box 61529, Houston, Texas 77208; (713) 223-2110

Total assets managed	$85,000,000
Tax-exempt assets managed:	
Total	$70,000,000
Fully discretionary	$70,000,000
Tax-exempt clients	8
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Daniel Breen & Co. combines fundamental and relative valuation analysis with a rotational equity portfolio structure that blends themes and stock characteristics rather than industries. Specific ROR objectives are coupled with strong sell disciplines.

In fixed income, it determines the likely direction of interest rates by closely monitoring the Fed's reported figures. The firm exclusively invests in U.S. Treasuries; average maturity is fewer than five years except in periods of significant potential capital gains.

The money manager writes covered options.

As of Jan. 1, the asset mix was 42% stocks, 20% bonds and 38% cash.

Clients include the city of Austin, Texas; Coca-Cola Bottling Co. of New York; Crane Cos.; and The Reader's Digest Association.

Daniel A. Breen is the chief investment officer and the client contact.

Cowen Asset Management

1 Battery Park Plaza, New York, N.Y. 10004; (212) 483-0700

Total assets managed	$109,000,000
Tax-exempt assets managed	
Total	$32,000,000
Fully discretionary	$32,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	82
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	18

Cowen Asset Management, a subsidiary of the brokerage firm Cowen & Co., is mainly an equity manager.

Its equity philosophy is dedicated to active management. Equity investments are balanced between companies where perceived fundamental changes are taking place and those where corporate events appear likely. Perceived risk level in the market dictates relative emphasis on those two catagories and cash.

As of Jan. 1, the asset mix was 74% equities and 26% cash.

Howard Shawn, special limited partner, is the chief investment officer; Creighton H. Peet, partner, is the client contact.

Haven Capital Management

605 Third Ave., 27th Floor, New York, N.Y. 10158; (212) 986-4086

Total assets managed	$402,000,000
Tax-exempt assets managed:	
Total	$234,000,000
Fully discretionary	$214,000,000
Tax-exempt clients	20
Types of accounts managed	CEF
No. of portfolio managers	5

Haven's common stock orientation is based on individual issue selection. The valuation process focuses on large and small businesses with above-average characteristics that are considered to be undervalued and attractively priced.

The firm's fixed-income strategy is to produce a consistently competitive return with low volatility. This approach, based on interest-rate anticipation derived from economic cycle analysis, determines maturity selection, which is followed by sector and quality judgments.

As of Jan. 1, the asset mix was 61% stocks, 28% bonds and 11% cash.

Clients include Pennsylvania Power & Light, Cox Enterprises and Diebold Inc.

Haven's five managing directors determine investment policy.

Denis M. Turko is the client contact.

Investment Management Group

P.O. Box 18238, Wichita, Kan. 67218; (316) 687-2143

Total assets managed	$500,000,000
Tax-exempt assets managed:	
Total	$259,000,000
Fully discretionary	$259,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	3
Types of accounts managed	CGJ
No. of portfolio managers	4

Investment Management Group's primary emphasis is on active fixed-income management, based on an assessment and projection of macroeconomic conditions and their effect on the financial markets. The firm identifies secular changes in interest rates and positions its funds through the maturity structure decision to take advantage of the expected environment.

Its asset mix as of Jan. 1 was 90% bonds and 10% cash.

Clients include the Kansas Public Employees' Retirement System.

Don S. Peters, general partner, is the chief investment officer; Marc A. Vincent, senior portfolio manager, is client contact.

Morguard Realty Advisors

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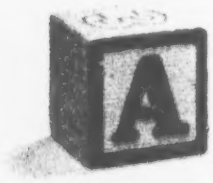

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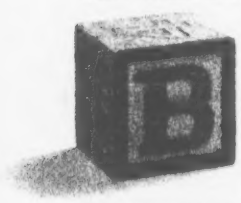

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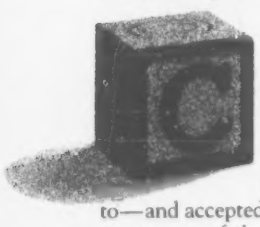
Because no two employees have the same investment needs, IDS Trust offers 11 investment funds—each exclusively designed for tax-qualified plans. The broad spectrum of these funds—from the secure, steady growth to the more aggressive, high growth—will satisfy the investment objectives of your employees. And will encourage employee participation.



Communications.

The major employee motivator. How a 401(k) plan is presented to—and accepted by—employees can mean its success...or failure. IDS Trust knows that employee participation requires complete understanding of the plan and its benefits. Employees need information stated clearly in order to make the right decisions. An effectively communicated 401(k) sparks employee interest and increases participation.

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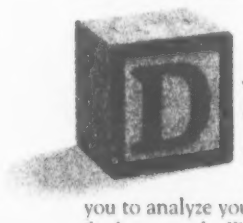

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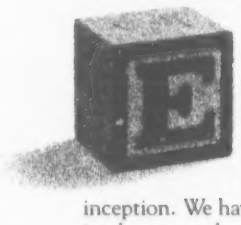

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IDS Trust has designed and administered 401(k) plans since their inception. We have the experience and expertise to implement and manage 401(k) plans from A to Z, no matter how complex, how sophisticated. And we provide *quality* service for those plans—just ask our clients.

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To start building your successful 401(k) plan, contact Peter Miller, Assistant Vice President, IDS Trust Company, IDS Tower, Minneapolis, MN 55402. 612/372-2700.

IDS Trust Company 401(k) Builder

IDS AMERICAN EXPRESS

Total assets managed	$56,000,000
Tax-exempt assets managed:	
Total	$56,000,000
Real estate assets managed	$56,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	7
Types of accounts managed	CEFG

Morguard Realty Advisors is exclusively a real estate manager. The assets listed above are managed by the company's parent, Morguard Investments Inc. Morguard specializes in certain regional areas and provides expertise in both completed and developmental properties.

As of Jan. 1, the asset mix was 100% real estate.

Patrick F. Crooks is the company's president; Chandler H. Everett, vice president, is the client contact.

Nationwide Life Insurance

P.O. Box 16738, Columbus, Ohio 43216; (614) 227-7111

Total assets managed	$3,900,000,000
Tax-exempt assets managed:	
Total	$1,600,000,000
Fully discretionary	$1,600,000,000
Tax-exempt clients	867
No. of portfolio managers	3
Size of research staff	3

Nationwide, in addition to GICs and annuities, offers tax-exempt clients separate accounts for common stock and money market investments.

The firm's equity assets are invested primarily in a diversified portfolio with selection based on the long-term view of a prudent investor concerned primarily with preservation and growth of capital.

The asset mix as of Jan. 1 was 1.8% equity; 5.5% money market deposit accounts; 58.6% GICs; 8.4% annuities; and 25.7% other.

Peter F. Frenzer, executive vice president-finance, is the chief investment officer. John H. Williams, director-pension underwriting, is the client contact.

The Ohio Co.

155 E. Broad St., Columbus, Ohio 43215; (614) 464-5545

Total assets managed	$222,000,000
Tax-exempt assets managed:	
Total	$177,000,000
Fully discretionary	$177,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	70
Types of accounts managed	CEF
No. of portfolio managers	3

The Ohio Co. considers itself a fundamentalist, seeking out underowned companies and concentrating on stocks with lower-than-market-average P/E ratios and above-average dividend yields.

For fixed income, the company uses active or immunized management, stressing preservation of capital and a high level of stable income.

As of Jan. 1, the asset mix was 63% stocks, 28% bonds and 9% cash.

Clients include Dinner Bell Foods, Landmark Inc. and Worthington Industries.

Clarence A. Peterson, executive vice president, is the chief investment officer; William D. Lange, assistant vice president and business development officer, is the client contact.

A.R. Schmeidler & Co. Inc.

555 Fifth Ave., New York, N.Y. 10017; (212) 687-9800

Total assets managed	$205,000,000
Tax-exempt assets managed:	
Total	$82,000,000
Fully discretionary	$74,000,000
Minimum separate account	$300,000
Tax-exempt clients	109
Types of accounts managed	CEFJ
No. of portfolio managers	6
Size of research staff	3

A.R. Schmeidler's investment approach is to seek companies with the most cash flow and assets for the fewest investment dollars. The firm particularly is drawn to entrepreneurially managed companies where managements have significant equity interest.

Schmeidler invests in companies that have asset values in excess of their market values and where there is the prospect of realizing these values for the shareholders.

As of Jan. 1, the asset mix was 73% equities and 27% cash, Treasuries and municipals.

Clients include Sheet Metal Workers Local Union 55, Roofers Local Union 154 and Exhibition Employees Local Union 829.

Arnold R. Schmeidler, president, is the chief investment officer; James K. Ryan Jr., senior vice president, is the client contact.

Stock Yards Bank & Trust

1040 E. Main St., Louisville, Ky. 40206; (502) 582-2571

Total assets managed	$300,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$200,000,000
Real estate assets managed	$10,000,000
Minimum separate account	$100,000
Tax-exempt clients	300
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Stock Yards Bank & Trust Co. specializes in option strategies with major emphasis on covered calls. It also writes options on futures and government bonds.

Stock Yards uses option strategies as a means to produce superior yield as well as to provide a market hedge.

Neil B. Jones is vice president and senior investment officer.

Hospital plans awarded clean bill of health

NEW YORK -- Hospital pension funds are among the healthiest plans, both on a termination and a continuation basis, according to a recent William M. Mercer-Meidinger survey.

The average hospital defined benefit plan had a 52% advance funding ratio, according to the survey of 287 salary-related pension plans in hospitals in 38 states. That means those plans have sufficient assets to cover more than half of the projected liabilities for participants. On a termination basis, the average hospital plan's current assets would cover 174% of vested benefits, and 90% of the plans would have more assets than vested liabilities, said the study.

There were 218 cases in which surpluses existed, where the value of assets exceeded what would be needed to pay all accrued benefits if the plans were terminated. The largest was a surplus of about $31 million, and the average was about $1.6 million, according to the survey. While these surpluses seem to indicate the plans are overfunded, the survey emphasized this is an incorrect assumption. It is the advance funding ratio of a plan that gauges its long-term financial strength.

The advance funding ratios revealed in the survey indicate that while the plans might be robust, they are not funded excessively.

Conservative actuarial assumptions are used by all of the hospital plans surveyed. Two such key assumptions are the interest rate to be earned on plan assets and the rate at which salaries will increase.

The average interest rate assumption used by the plans was 6.9%. The lowest was 4%, and the highest was 9.5%.

Plans in the survey, on the average, assumed salaries would maintain a 1.3% spread under interest rates. Thus, the average plan assumed interest of 6.9% on investment and a 5.6% salary increase, according to the study.

Plans with a spread of more than 2 percentage points between the two assumptions totaled 12% of those surveyed.

The frozen entry-age cost method, which spreads the cost more heavily toward the early years of the plan's existence, is used by 222, or 83%, of the plans surveyed. The use of other funding methods could defer a significant portion of the cost to the plan's later years. The mean plan surveyed is more than 14 years old and the overwhelming majority, 98%, are non-contributory. ■

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C2710-2A

Safety from big cash loss professed

By Richard J. Gillespie

NEW YORK — The $165 million cash management loss at Marsh & McLennan Cos. could not occur in their companies, cash managers surveyed by *Pensions & Investment Age* believe.

The news that the firm lost the money investing short-term funds brought responses of surprise and consternation from cash managers.

Dorothy Conway, former vice president and assistant treasurer at Marsh & McLennan, is accused of causing the losses. An industry source and friend described Ms. Conway as "a highly respected member of the cash management community."

"It came as such a blow to me because she would be the type of person that would tell her boss if she ran into a problem," the source said.

Most of those interviewed said it would be virtually impossible to do in their own similar organizations what Ms. Conway; A. Chester Gan, treasurer; and Richard O. Post Jr., formerly head of the investment management group, are alleged to have done at Marsh & McLennan.

Cash management

According to official accounts, Ms. Conway was responsible for creating a $2 billion leveraged government bond position with a cash pool of roughly $150 million in corporate funds and $350 million in fiduciary funds, which are insurance premiums held temporarily on behalf of other firms.

The impression given in statements by John Regan Jr., chairman of Marsh & McLennan, is the treasury staff had engaged in unauthorized investment practices, and that "faulty recordkeeping" enabled the group to engage in a cover-up.

Margin call payments were entered onto the books as purchases

Continued on page 60

Late news

Public funds in deal

PITTSBURGH — The California Employees and Ohio Teachers retirement systems are negotiating to sell U.S. Steel Corp.'s headquarters to a tax-driven syndication, reportedly for a significant profit.

The funds purchased the building for $260 million in an equity transaction less than two years ago.

The pension funds then would finance the debt on the property for

Continued on page 2

Pensions & Investment Age

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The newspaper of corporate and institutional investing • $3.00 an issue • $60 a year • June 25, 1984

Hires 4, raises equity limit

New Mexico realigns

By Steve Hemmerick

SANTA FE, N.M. — The New Mexico Employees' Retirement Association, moving to multiple managers for the first time, reallocated its $725 million in assets, hiring four new managers and raising its ceiling on equity investments to 50% from 30%.

The pension fund hired Criterion Investment Management Co., Houston; Loomis, Sayles & Co., Boston; INVESCO Capital Management Inc., Atlanta; and Wentworth Hauser & Violich, San Francisco.

Criterion will manage a $250 million balanced account. Loomis Sayles will manage a $125 million fixed-income account, and Wentworth a $100 million fixed-income account. INVESCO will manage a $125 million equity account.

Gerry Culpepper, internal auditor for the fund, said Fiduciary Trust Co. of New York, formerly the fund's sole manager, will be retained as manager of a $125 million fixed-income portfolio.

The New Mexico fund joins other public funds, such as those in Seattle and California, in increasing equity investment ceilings and managers (*See related stories, page 8*). More and more, they are taking on the look of the corporate pension fund investment style.

Pension fund executives say that by increasing their equity allocation, they can increase their return in the long run but at reduced risk.

Commenting on the multimanager approach, Mr. Culpepper said, "One of the reasons that we did it was that we needed that diversification in order to spread the risk. If a single manager performs poorly, you can have a very serious situation.

"With the different investment styles by hiring several managers, we knew that the risk would be less. We hired top performers, and we feel that our fund will now have improved overall performance."

The New Mexico fund first moved toward hiring several managers more than a year ago when it asked SEI-Funds Evaluation Services, Houston, to do some studies.

In summing up the fund's actions, Mr. Culpepper said, "We feel it is a major step forward for New Mexico in creating a fund that is geared for superior performance through the hiring of some outstanding managers in the marketplace.

"The managers were selected for their complementary styles so that, in bull or bear markets, they should perform fully above the market indexes."

The state investment council has

Continued on page 59

Tenneco Inc. brings $100 million in-house

By Fred Williams

HOUSTON — Tenneco Inc. has transferred $100 million of its pension assets to three internally managed portfolios after an analysis indicated performance could be improved by such a move.

Dan Watson, president of Tenneco Financial Services, the parent of Tenneco Asset Management Co., said the company decided to move a portion of its pension assets inside "and manage them a little more actively" after a study of Tenneco's pension funds last summer.

Mr. Watson admitted to being the catalyst behind the shake-up. He was named president of Tenneco Financial Services in December 1982.

"We were looking for improved performance, and it was clear the performance by some of our managers was inadequate," said Mr. Watson.

He said Dreyfus Management Inc., New York, was terminated as a result of the switch. Most of the new, internally managed assets were funded through cash flow.

AmeriTrust Co., Cleveland, also was terminated, said Mr. Watson, although that termination "had little to do with performance." He said AmeriTrust was terminated and the $29.6 million balanced portfolio brought inside because it no longer fit in with Tenneco's needs.

Hoisington Investment Manage-

Continued on page 61

International directory

U.S. tax-exempt assets invested internationally increased 37% in 1983, with much of the money going to Japan. International money managers profiled in this issue said, on average, 42% of their portfolios were weighted in Japanese stocks. The United Kingdom was the second favorite, while Canada was third. Fifty-eight managers reported holding Japanese securities. Directory begins on page 25.

Fund hires new chief, new adviser

By Marci Baker

HARRISBURG, Pa. — The Pennsylvania State Employees Retirement System acquired a new chief investment officer and a new investment management firm in mid-June.

Gary Sipe, vice president in charge of the employee benefits investment department at Equitable Bank in Baltimore, joined the pension fund as chief investment officer. He replaces Edwin Warwick, who left April 18 after less than two years on the job.

At the same time, the $4.2 billion fund selected Payden & Rygel Investment Counsel, Los Angeles, to run a $200 million fixed-income portfolio.

The hiring of the manager reportedly is part of the system's efforts to restructure the fund under core/specialty formats for both equity and fixed-income portfolios. Sources familiar with the situation say more than $1 billion ultimately will be handed to new managers.

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Florida board mulls global fixed income

By Rose Darby

TALLAHASSEE, Fla. — The $6.5 billion Florida State Board of Administration wants to hire as many as three global fixed-income managers in what appears to be the latest step in a gradual restructuring of the pension fund.

Each global manager would be given as much as $100 million, said E.J. Yelton, executive director.

If the investment policy board grants approval, the Florida system will be among the first public funds to move into global investment fixed-income management.

"We have legal authority to do this, but not policy advisory council authority," Mr. Yelton said. "Our policy will not allow us to do anything like that."

A recommendation most likely will be made to the advisory council at its next meeting in early July.

If the council agrees with the idea, the recommendation then must be brought before the investment board. That process could take until late July, or longer, he said.

The board has been seeking to expand its investment horizons for some time now.

Late last year, the system hired three managers to write options on index fund holdings.

During the period of a year, the system invested $300 million in direct real estate accounts, with three real estate managers. The system later fired all three managers after a policy change that mandated investments in open-end real estate funds only.

The board then hired six real estate managers to run pooled real estate accounts, totaling roughly $265 million.

Last spring, Florida hired its first three non-index equity managers to run $100 million each. That move followed the enactment of a new state law allowing the fund to hire outside managers. Until less than a year ago, all of the fund's assets were managed internally.

Also last year, the fund hired Citibank as master trustee.

The Florida Board of Administration manages the Florida Retirement System. ■

Retroactivity rules upheld

By Joel Chernoff

WASHINGTON — The U.S. Supreme Court's decision upholding the constitutionality of the 1980 multiemployment pension law's retroactivity rules might help speed up payment of millions of dollars to multiemployer plans.

Payment of withdrawal liability assessments had been at a trickle while more than 200 cases worked their way through the courts. Now, multiemployer plan officials expect the cash to start flowing in.

"This will somewhat break up the logjam," said George W. Lehr, executive director of the Teamsters Central States, Southeast & Southwest Areas Pension Fund. The fund, which is the nation's largest multiemployer fund at $4.9 billion in total assets, is owed $350 million, Mr. Lehr said. It has collected only $3 million.

However, 60% of those assessments are tied up in bankruptcies, where the fund stands to gain only a fraction of the liabilities.

The $4.7 billion Western Conference of Teamsters is owed several million dollars, said a fund spokesman.

A spokesman for the $2 billion United Mine Workers of America pension fund said 75 to 130 employers have raised the constitutional question, involving about $20 million in liability payments.

In its ruling, the Supreme Court upheld the constitutionality of the retroactive provision of the Multiemployer Pension Plan Amendments Act of 1980, reversing the 9th Circuit Court of Appeals. Three other federal appeals courts had upheld the statute.

The 1980 law required employers who left a multiemployer plan to pay a portion of the fund's unfunded vested benefits. Congress made the act effective as of April 30, 1980, although it was not signed into law until Sept. 26, 1980.

The retroactive rule for multiemployer plans was ruled constitutional

Opponents have argued the retroactive feature violated the Constitution's due process clause. Employers who left multiemployer plans after the law's signing have raised similar objections.

The court reiterated its view that "strong deference" is given to legislation affecting national economic policy, even when it is applied retroactively, provided there is a legitimate purpose for the retroactive starting date and due process requirements are met.

"Withdrawals occurring during the legislative process not only would have required that remaining employers increase their contributions to existing pension plans, but also could have ultimately affected the stability of the plans themselves," the court found.

The case, which was returned to the lower court for further proceedings, involved R.A. Gray & Co., an Oregon building and construction firm that withdrew from the Oregon-Washington Carpenters-Employers Pension Trust Fund on June 1, 1980. It subsequently was hit with a bill of $201,359 from the fund. The company then filed suit against the plan and the Pension Benefit Guaranty Corp.

The decision directly affects at least 74 employers who owe $70 million in liability payments, according to the PBGC.

However, those employers still may avoid their liabilities. Congress is considering a provision sponsored by Sen. John Danforth, R-Mo., in the deficit-reduction bill that would eliminate the five-month window. Attorneys expect the Supreme Court's ruling to be extended to cases involving employer withdrawals after the law's signing.

"The logic of the court's opinion applies with greater force in the prospective context," said Baruch Fellner, associate general counsel for the PBGC.

Mildred Carmack, an attorney representing R.A. Gray, said the court had not dealt with another claim, charging private property had been taken without just compensation. She said this argument might be pursued, among others. She had not yet seen the Supreme Court opinion. ■

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TIAA files suit over payments

By Marci Baker

NEW YORK — The Teachers Insurance and Annuity Association of America has sued the Richmond Tank Car Co. to force payment of $20 million in unsecured notes.

The notes, which mature in 1995, are part of TIAA's bond portfolio. A spokesman said interest payments on the notes have been in default for more than a year.

Lewis Ball, chief financial officer for the Houston railroad equipment maker, said the June 5 filing in a Houston federal court took the company by surprise. The firm had been negotiating with TIAA on payment of the debt, he said.

He said the company plans to oppose the suit, but he expects it will be settled out of court.

TIAA declined to comment on the specifics of the suit. However, a spokesman said, "The negotiations that Richmond keeps referring to have been very protracted. They did not appear to be leading toward a resolution."

The financially troubled company has been in default on its debt obligations to TIAA since the fall of 1982. Moreover, its Richmond Leasing Co. unit owes additional money to the retirement plan.

However, that unit is reorganizing under Chapter 11 of the federal bankruptcy code, which provides protection from creditor lawsuits while companies work out payment plans.

Richmond Tank Car's financial woes began when the recession caused a slowdown in the rail car market, prompting the company to close plants producing those cars, Mr. Ball said.

However, due to new financing plans and a pick-up in orders for hopper cars, Richmond Tank Car expects to be profitable by year-end, he said. The reorganization of Richmond Leasing should be complete in the fall, he added.

Richmond Tank Car has agreed in principle to restructure more than $70 million of debt with a five-bank group, with the pact being contingent on reaching agreements with other creditors and raising new equity.

Mr. Ball said plans are to raise the required equity through a rights offering of common stock, which gives shareholders the right to buy new shares at a set price. The proceeds from the rights offering would go to pay debts to creditors, including TIAA.

Mr. Ball noted, however, the lawsuit could put a crimp in Richmond's financing plans, particularly its plans for a rights offering.

"You can't really have an offering when no one knows the outcome of the lawsuit," he said. In addition, he said, the company's other creditors are "up in arms" over the legal development, and a meeting is scheduled on the issue. ■

Late news

Continued from page 1

the syndication in return for what a source described as a "high rate." Integrated Resources Inc., New York, is the lead party in the two-party syndication venture.

W. James Smith, mortgage investment officer for the California fund, said the parties involved "do have a letter of intent to proceed," but he has no idea when the deal would close.

Becker subject of suit

BOISE, Idaho — A.G. Becker and one of its brokers were charged with "extensive short selling and margin trading and churning the account" of Rangen Inc.'s pension and profit-sharing plans.

Jeffrey N. Clayton, independent fiduciary for the plans and former administrator of the Labor Department's pension program, filed the suit.

Named as defendants were Stephen Rangen, a broker with Becker; his father, Thorlief Rangen, president of the company bearing his name; First Trust Corp. of Denver; and Rangen Inc. of Buhl, Idaho.

The lawsuit alleges breaches of fiduciary duties under the Employee Retirement Income Security Act and violations of securities law, common laws and a racketeering law.

During a one-year period, Becker is alleged to have made stock purchases worth 20 times the average value of the plan's assets.

First Trust, Thorlief Rangen and Rangen Inc. are alleged to have violated their fiduciary duties to the plan by practicing in and failing to prevent the acts of Becker and Stephen Rangen.

Money movers . . .

• CARSON CITY, Nev. — The Nevada Public Employees' Retirement System has hired INVESCO Capital Management Inc., Atlanta, and Loomis, Sayles & Co. Inc., Los Angeles, as equity managers and given each $100 million, according to Laura Wallace, investment analyst for the fund.

• HOUSTON — United Energy Resources hired Lehman Management Co., New York, to run a $20 million fixed-income portfolio for its $130 million pension fund, said Stewart Hoeg, manager of treasury operations.

• CHICAGO — The $3.1 billion United Air Lines pension fund has committed $20 million to Nikko International Capital Management, New York, to invest in Japanese equities.

Secretary removed

BOSTON — In what was termed a political maneuver, Brian Leahy has been removed as executive secretary of the roughly $300 million Boston Retirement System. Sources said Mr. Leahy and Leon Stamps, the city's new auditor, "did not see eye to eye on things" and asked him to leave.

Rules overturned

WASHINGTON — Two federal agencies say they will appeal a U.S. District Court judge's decision to overturn regulations banning full federal insurance on brokered deposits.

District Judge Gerhard A. Gesell said regulations issued by the Federal Deposit Insurance Corp. and the Federal Home Loan Bank Board last March are "unlawful and void." He said the agencies, which limited insurance on brokered deposits to $100,000 per investor, lacked the authority to deny or limit insurance.

The regulations prevented deposit brokers from bundling certificates of deposit together so as to provide fully insured, high-interest bearing investments in large denominations. The agencies believed this practice enabled troubled depository institutions to obtain high-cost money in inordinate amounts.

International DIRECTORY

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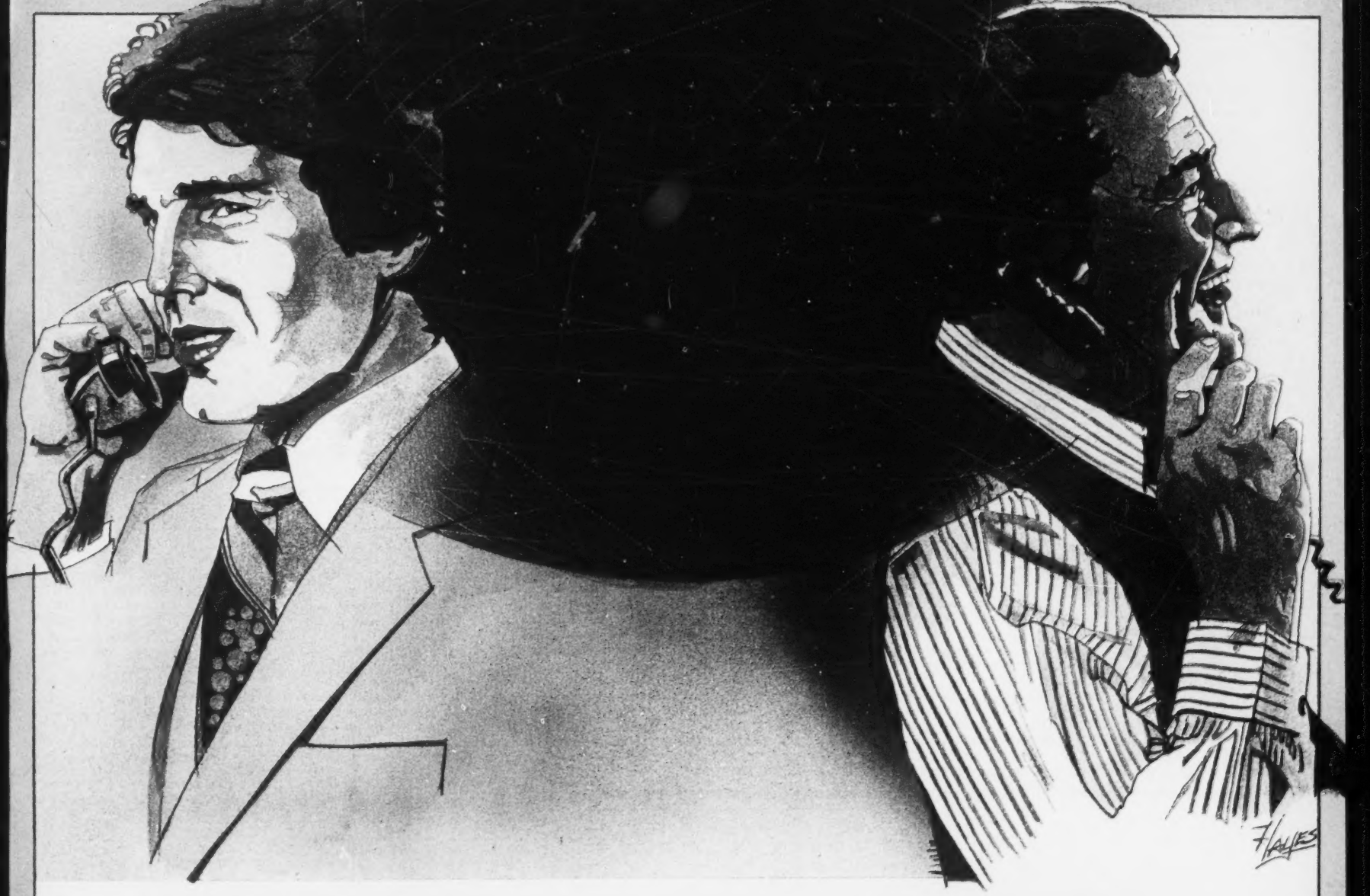

$14.6 billion invested overseas

By Rose Darby

NEW YORK — U.S. tax-exempt assets invested internationally increased 37% during 1983, a *Pensions & Investment Age* survey of international money managers shows.

Eighty-two international investment advisers reported total U.S. tax-exempt assets under management of $14.6 billion as of Jan. 1, compared with $10.6 billion a year earlier.

Of this, the top 20 international money managers invested roughly $12.2 billion, a 36% jump from the $9 billion they reported as of Jan. 1, 1983.

The growth in assets managed by the top 20 advisers follows a trend of the past few years. The 1983 survey showed a 23% increase, to $9 billion from the $7.3 billion reported Jan. 1, 1982; the 1982 survey showed a 46% increase.

The international money managers profiled in this issue were asked to list the five countries in which their assets were invested most heavily, and to give the weightings as of March 31.

The Japanese market emerged the leader, with the average equity portfolio weighted 42% in Japanese stocks. Fifty-eight managers reported Japanese holdings.

The United Kingdom was the second most favored equity market, with an average portfolio weighting of 14.4%; 49 managers reported British holdings.

Canada was third, with an average portfolio weighted 11.1% in Canadian stocks.

Despite the heavy average weighting, only 10 international managers reported holding Canadian issues.

Germany and the Netherlands were fourth and fifth, with average weightings of 10.1% and 8.6%, respectively.

Germany was the third most popular country for stocks, with 39 managers reporting holdings. Holdings in the Netherlands were reported by 38 international managers.

Other countries cited were Australia, with the average weighting in equities being 7.8% and 24 managers reporting holdings; Hong Kong, with equities weighted 7.8% from reports by 15 managers; Switzerland, 7.6% and 18 managers; Singapore, 6.8% and 4 managers; and France, with an average weighting of 6.6% and nine managers reporting holdings.

In terms of percentage of increase, Frank Russell Trust Co. topped the list with a 960% increase in assets to $53 million from $5 million a year earlier.

In second place was Bailard, Biehl and Kaiser International Fund with a 560% increase in assets to $40 million from $6 million.

Kemper-Murray Johnstone International was third with a 483% jump in assets to $175 million from $30 million.

Nikko International Capital Management Co. (America) grew to $74 million from $13 million, putting it in fourth place with a 469% increase. Grantham, Mayo, Van Otterloo & Co. placed fifth with a 350% jump to $153 million from $34 million.

Morgan Guaranty Trust Co.'s international investment group in London broke into the lead this year, with the largest amount of U.S. tax-exempt assets for international investment. As of Jan. 1, it had invested $2.2 billion in foreign securities for 30 separately managed U.S. tax-exempt fund accounts and for about 250 clients in two commingled international funds.

That represents a 46% increase in assets for the firm during 1983.

During the year, Morgan picked up 10 accounts for separate management.

The Teachers Insurance & Annuity Association-College Retirement Equities Fund was second, with total assets of $1.9 billion, which represents a 49% increase from the year earlier's approximately $1.3 billion. ■

Sponsors' sphere still limited

Advisers take global view

By Rose Darby

NEW YORK — International money managers say global investment is the wave of the future, but many pension sponsors are unconvinced.

Although overseas money managers are aware of the pension executives' attitude, many are adding global investment capability as a hedge against the future.

"We think that it's coming, but we're not seeing it yet," said Clinton J. Kendrick, president of Alliance Capital Management Corp. and chairman of Alliance Capital International in London.

"Now, the vast majority of people are interested in international investment as opposed to global."

"We're structuring our entire organization under the expectation that, down the road, we must be a truly global investor because that's what all major institutional investors around the world will want," Mr. Kendrick said.

Alliance Capital International manages $75 million in its international fund, he added.

Global investment includes investment in North American markets along with world markets. The Capital International World Index is its bogey.

International investment excludes investment in the United States and often in Canadian issues. Its benchmark is the Capital International Europe Australia Far East Index.

"Global investment is a long-term development that is being talked about more and more," said Jan Twardowski, senior vice president and director of Frank Russell International.

Although many clients and money managers are hesitant about it, a transition is taking place, according to Mr. Twardowski.

"U.S. money management will internationalize itself," he said.

This will happen because domestic portfolios already have an exposure to many international issues and, as a result, domestic managers are becoming increasingly familiar with non-U.S. investments.

"Our theme, which we have been talking to clients about, is the convergence of U.S. investment professionalism with international money management expertise," Mr. Twardowski reasoned.

"They're leavening their U.S. equity portfolios with some non-U.S. stocks," he said.

A survey conducted by Frank Russell Co. late last year demonstrates the kind of overlap Mr. Twardowski noted (*Pensions & Investment Age*, June 11).

Among 35 clients with $35 billion invested in U.S. domestic equity accounts, 2%, or $700 million, was invested in non-U.S. stocks, noted Mr. Twardowski. Among these were multinational issues such as **Schlumberger Ltd., Hitachi, Matsushita, ICI** and **Glaxo**, he said.

"I would guess that those doing international investment are already doing asset allocation in their plans and thus the possibilities for global investing become rather muddy," agreed Chuck Payne, director of marketing support for Prudential Insurance Co. of America.

"It (global investing) tends to duplicate the position you already have in U.S. securities. One can do things more easily and control them more easily if you invest internationally," he added.

Prudential manages $30 billion for tax-exempt clients, of which $263 million is invested in international equities and $47 million is in international bonds. Prudential's own pension fund, with $2.7 billion in assets, has $220 million invested in international stocks, $43 million in international bonds and $28 million in a global bond fund, Mr. Payne explained.

One international money manager who shares his perspective is David Fisher, president of Capital Research Co., which manages $500 million overseas for U.S. pension funds. Mr. Fisher is responsible for the international activity of the Capital Group.

"The process that doesn't permit you to isolate events is something that has helped us produce better results for clients," he said. "To some extent, many businesses have been forced to think globally for a long time. Now, money management firms have been forced to think the way their clients have been," he said.

"There's a substantially higher interest in talking about it and going into it among our clients than there was even 12 months ago."

One reason global investment appeals to international managers is that it ensures a haven in U.S. markets should other markets begin to list.

"Most managers prefer to have a global mandate from pension clients, so that when U.S. markets are strong they can participate," explained Malcolm Mitchell, vice president of InterSec Research Corp., an international research firm in Stamford, Conn.

However, for some plan sponsors, the global mandate concept isn't appealing, no matter what the reason. They fear loss of control over portfolio decisions.

As one large pension sponsor put it, "We would lose some of the control over asset allocation to it. And, we would be losing some control to the balanced fund approach that global investment engenders. That is what we have been trying to get away from."

The other reason plan sponsors are not snapping up the idea of global investment is that many of them want to invest internationally to diversify their domestic portfolios.

According to InterSec's Mr. Mitchell, although money managers are asking clients about global investment "they're not asking very hard because they sense that pension funds are saying 'we want you to invest in international because we have plenty of money invested here at home already.'"

One public fund that wanted to keep this kind of clear definition between international and domestic portfolios is the Oregon Public Employees Retirement System, said James George, investment manager for the fund.

"Oregon has about $2 billion in domestic stocks and until this year had zero in international. So, we had a tremendous amount in the U.S. markets and none elsewhere,"

Continued on page 47

Top 25 international managers

Companies	U.S. tax-exempt assets ($ millions)
Morgan Guaranty Trust Co.	2,200
TIAA-CREF	1,900
Morgan Grenfell Investment Services	7[illegible]4
Rowe Price-Fleming International	731
Fidelity International Investment Management	725
GT Capital Management	550
Templeton Investment Counsel	509
Putnam International Advisors	508
State Street Bank & Trust Co.	477
Capital Guardian Trust Co.	475
Prudential Insurance Co. of America	338
Kleinwort Benson International Investment	312
Merrill Lynch Asset Management	303
Citibank	300
Brown Brothers Harriman & Co.	300
Baring International Investment	225
Fiduciary Trust Co.	220
Warburg Investment Management International	208
First Chicago Investment Advisors	205
Schroder Capital Management International	200
Kemper-Murray Johnstone International	175
Eberstadt Asset Management	175
Nomura Capital Management	174
ABD International Management Corp.	160
BEA Associates	156
Grantham, Mayo, Van Otterloo & Co.	153
Scudder, Stevens & Clark	147
Chase Investors Management Corp.	138
Batterymarch Financial Management	132
Ivory & Sime International	124

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Deregulation eases funds' investments

By Rose Darby

NEW YORK — The world's stock markets gradually are being deregulated, which might make foreign markets easier, safer and less expensive places for U.S. pension fund investments.

In the past 18 months, the stock exchanges of Canada, Australia and England have been deregulated at least partly, much as the U.S. market began to deregulate with the abolition of commmissions in 1975.

In addition, it is believed Japan will be the next stock market along the chain to deregulate, but industry participants say that will be very gradual.

The reasons for deregulation in these nations, while varied, are related in part to the U.S. markets.

"The financial systems of the other capitalist countries will inevitably be affected by the U.S. experience," said James Bain, chairman of the Australian Associated Stock Exchanges. "The greater the interdependence existing between the financial systems of a country with that of the U.S., the stronger will be the pressures for deregulation."

Mr. Bain made his comments in a recent speech about deregulation.

Even though these changes have been a long time coming in each nation, U.S. financial services firms have exerted pressure from the outside, particulary in the United Kingdom and Australia.

"The most aggressive supporters for the deregulation of financial systems outside of the United States are U.S. financial intermediaries, which have survived to enjoy the benefits of deregulation in their own country and wish to take advantage of their experience to cull for themselves the most lucrative business available in those other countries," Mr. Bain said.

Average weighting by country

Japan	42.0%
United Kingdom	14.4
Canada	11.1
Germany	10.1
Netherlands	8.6
Australia	7.8
Hong Kong	7.8
Switzerland	7.5
Singapore	6.8
France	6.6

The first step in deregulation for Canada, Australia and the United Kingdom has been the abolition of fixed commission rates.

Canada abolished its fixed rate schedule April 1, 1983, said Diane Urquhart, director of economics for the Toronto Stock Exchange.

Lower rates and recent lagging

Continued on page 47

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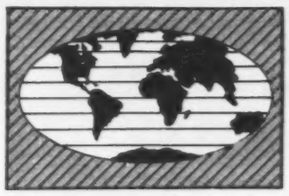


a

ABD International Management Corp.
1 Battery Park Plaza, New York, N.Y. 10004; (212) 952-7738

ABD International, a subsidiary of Dresdner Bank AG and Bayerische Hypotheken- und Wechsel-Bank AG, managed $160 million of U.S. tax-exempt assets internationally as of Jan. 1. All of those assets were in foreign stocks. The firm has six U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $11 billion.

As of March 31, the international equity assets were committed most heavily in Japan, 43%; the United Kingdom, 14%; Germany, 10%; and the Netherlands, 4%.

Analysts or portfolio managers are stationed in New York, Frankfurt, Hong Kong, Singapore and Tokyo.

Minimum account size for individual management is $5 million.

ABD International Management is an equity-oriented global investor. It uses a contracyclical equity approach and relies on extensive research for stock selection. Currency management is a separate process from stock selection, and currency hedging might be used extensively.

The firm is registered with the SEC as an investment adviser as of November 1980. The client contact is Jill B. Jordan, vice president and director of marketing, (212) 952-7351.

Alliance Capital Management International
Buckingham House, 62/3 Queen St., London, EC4R 1AD, England; 441-248-8881. Also: 140 Broadway, New York, N.Y. 10005; (212) 902-4000

Alliance Capital Management International, a subsidiary of Alliance Capital Management Corp., invests $70 million internationally for 19 ERISA clients. All of the assets are invested in foreign equities.

The firm also manages global portfolios for non-U.S. corporations.

As of March 31, the international assets were invested most heavily in Germany, 14.6%; the Netherlands, 15.7%; Japan, 27%; Switzerland, 8.3%; and the United Kingdom, 7.5%.

Minimum account size for individual management is $5 million.

For international investing, the company takes a value-added and active approach toward country, currency and security selection.

Portfolios have a distinctive view, with major overweighting and underweighting in currency, type of assets and industry groups.

The company has been registered with the SEC since 1970.

Clinton J. Kendrick, president, is the client contact in London, 011-441-248-8881. H. Michael Bean, vice president-international, is the marketing contact in New York.

American Express Asset Management Ltd.
2 World Trade Center, 105th Floor, New York, N.Y. 10048; (212) 321-6799

American Express Asset Management started operations in 1984. As of March 31, a model portfolio of equity assets was committed most heavily in Japan, 40%; the United Kingdom, 16%; Germany, 16%; Switzerland, 10%; and the Netherlands, 8%.

Minimum account size for individual management is $15 million.

The firm or its parent firms have analysts or portfolio managers in London and Brussels.

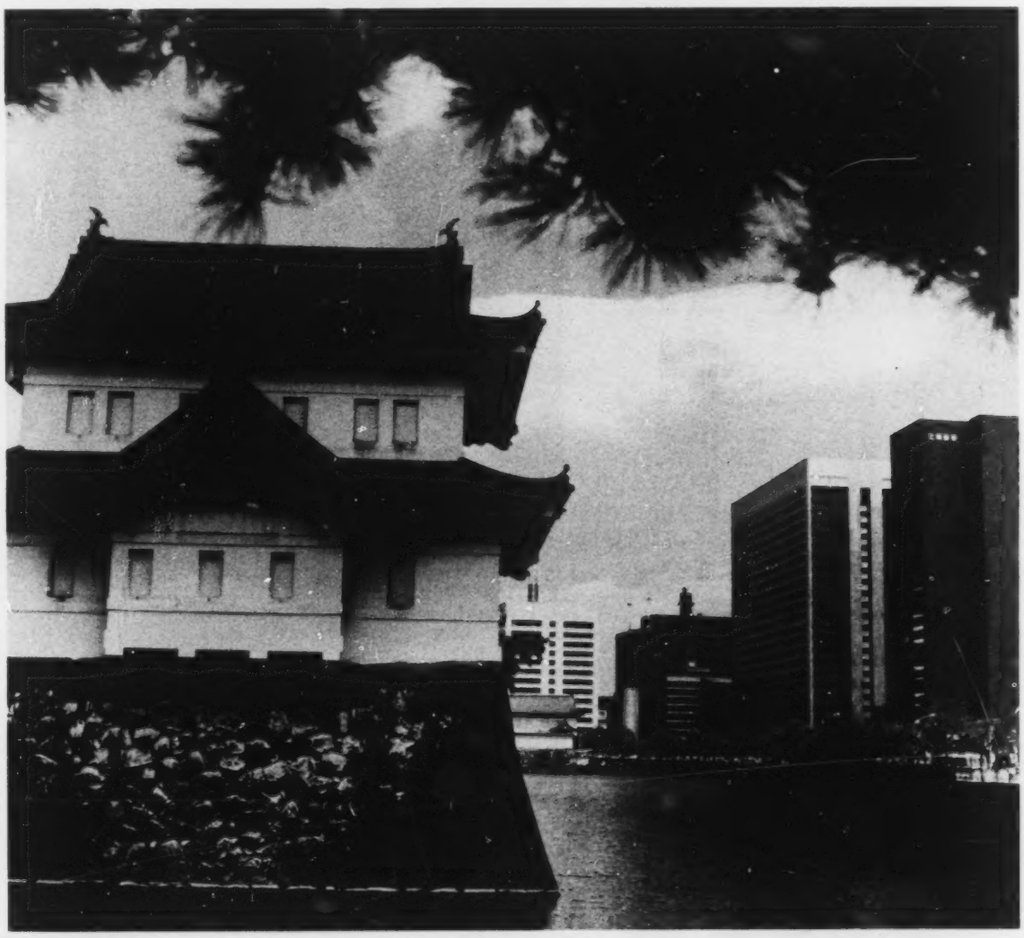
For investing U.S. tax-exempt assets, the firm identifies global investment themes and uses opportunistic stock selection, dynamic asset allocation and active currency management to further enhance returns. All the firm's directors are involved in day-to-day decision-making. Each has a specific investment/research responsibility and manages individual client relationships.

The firm is registered with the SEC.

The client contact is Susan Leader, director of marketing.

American National Bank & Trust Co. of Chicago
33 N. LaSalle St., Chicago, Ill. 60690; (312) 661-6925

American National Bank & Trust Co. and its subsidiaries managed U.S.



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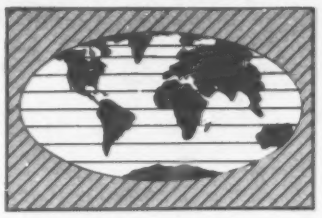


tax-exempt assets of $6 billion as of Jan. 1.

Of that, $7.8 million was invested in foreign stocks.

As of March 31, the equity assets were invested most heavily in Japan, 51%; the United Kingdom, 21%; Germany, 9%; Australia, 5%; and Switzerland, 5%.

Analysts or portfolio managers are stationed in Chicago.

For investing U.S. tax-exempt assets, the firm tracks Capital International's Europe, Australia and Far East Index.

The client contact is Jim Kartalia at (312) 661-5870.

ASB Capital Management

655 15th St. N.W., Suite 800, Washington, D.C. 20005; (202) 383-6300

ASB Capital Management, a subsidiary of American Security Corp., managed U.S. tax-exempt assets of $2.2 billion as of Jan. 1. Of this, $29 million was invested in foreign stocks.

Total U.S. and non-U.S. assets under management by the parent and subsidiaries were $2.9 billion as of the beginning of the year.

As of March 31, the equity assets were committed most heavily to Japan, 44%; Germany, 19.4%; Switzerland, 10%; the Netherlands, 9.8%; and the United Kingdom, 4%.

Minimum account size for individual management is $1 million.

For investing U.S. tax-exempt assets, the firm employs an investment approach that uses actively managed, diversified portfolios with stocks selected from a list of industry leaders and many small- to medium-sized companies with significant potential, strong earnings growth, sound financial condition, clean accounting and projected total revenues well in excess of the risk-free rate. The firm is registered with the SEC.

The client contact is Howard E.N. Wilson, (202) 383-6390.

b

Julius Baer Investment Management Inc.

330 Madison Ave., New York, N.Y. 10017; (212) 949-9055

Julius Baer Investment Management, an international fixed-income manager, managed $36 million of U.S. tax-exempt assets as of Jan. 1. The firm has three U.S. tax-exempt clients.

The firm follows a fundamental top-down approach with emphasis on currency selection and active management.

The client contact is Jay A. Dirnberger, managing director.

Bailard, Biehl & Kaiser International Fund

951 Mariners Island Blvd., Suite 700, San Mateo, Calif. 94404; (415) 571-5800

Bailard, Biehl & Kaiser International Fund managed U.S. tax-exempt assets totaling $40 million as of Jan. 1. Of this, $5 million was invested in foreign stocks. The fund has 21 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $315 million as of the beginning of the year.

As of March 31, the equity assets were committed most heavily to Japan, 52%; Switzerland, 8%; the Netherlands, 7%; France, 5%; and Germany, 5%.

The fund has hired Warburg Investment Management International in London to manage its assets.

For investing U.S. tax-exempt assets, the firm uses a total return approach of both income and appreciation with particular emphasis determined by the economy.

It is registered with the SEC.

The client contact is Richard L. Holbrook.

BAIMCO-International

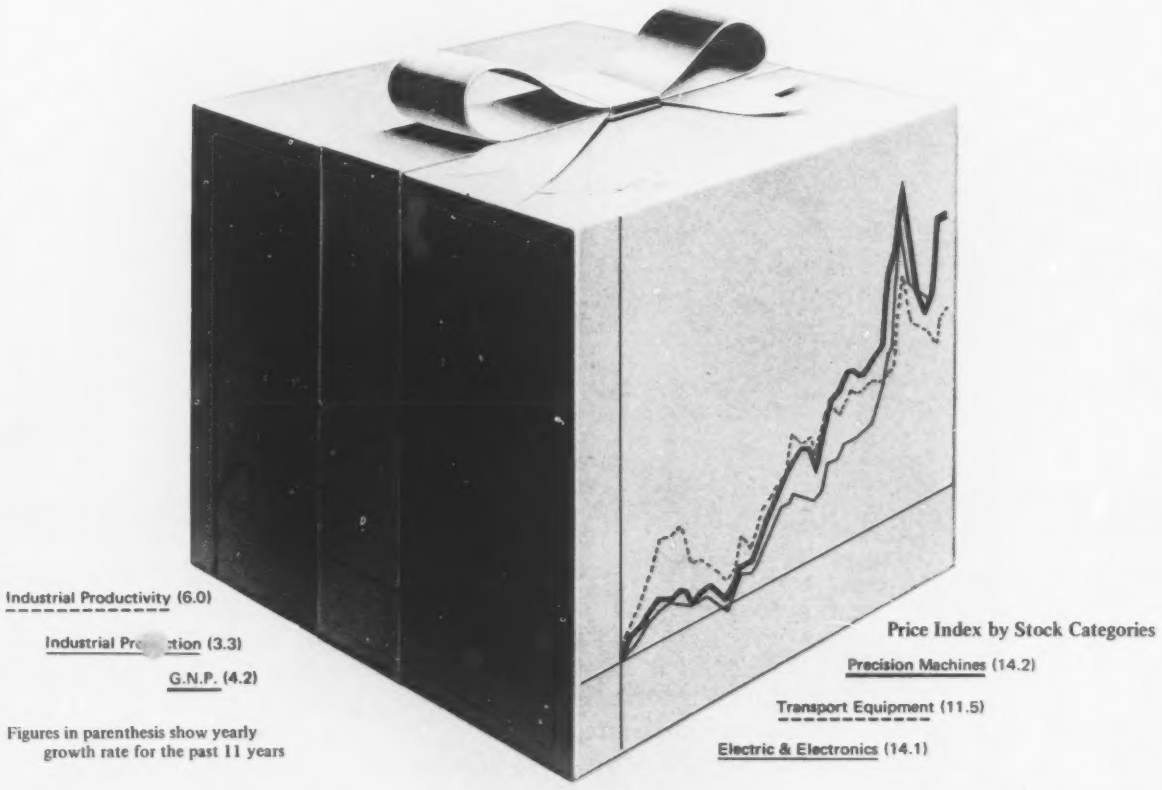
335 Madison Ave., New York, N.Y. 10017; (212) 503-7628

BAIMCO-International managed $3.4 billion in tax-exempt assets as of Jan. 1. Of that total, $85 million was invested overseas for eight U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $6.7 billion as of Jan. 1.

As of March 31, the equity assets

THE JAPAN PACKAGE



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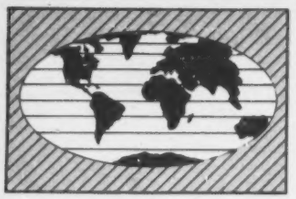


were committed most heavily to Japan, 40%; the United Kingdom, 14%; Canada, 12%; the Netherlands, 9%; and Germany, 7%.

Minimum account size for individual management is $2 million.

Analysts or portfolio managers are stationed in San Francisco, London, New York, Hong Kong, Luxembourg and Zurich.

The investment emphasis for U.S. tax-exempt assets is on the world fixed-income markets.

The approach is based on proprietary methods of interest rate and currency anticipation as well as maturity structure.

The firm has been registered with the SEC since 1973.

Francois R. Dennery is the client contact.

Baring International Investment

1 Post Office Square, Boston, Mass. 02109; (617) 357-9074

Baring International Investment managed U.S. tax-exempt assets of $225 million as of Jan. 1. Of this, $86.1 million was invested in foreign stocks. The firm has nine U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $7.4 billion as of the beginning of the year.

As of March 31, the equity assets were committed most heavily to Japan, the United Kingdom, Australia, Singapore and the Netherlands.

Minimum account size for individual management is $10 million.

Analysts or portfolio managers are stationed in London, Hong Kong and Tokyo.

Its U.S. tax-exempt assets are managed using a macro (top-down) approach to asset class and geographical selection, focusing on economic policy, currency outlook and other factors.

Within individual countries, the firm is a stock pusher, focusing on reinvestment rates to select undervalued securities. It will move as much as 50% of its assets into cash in times of uncertainty.

The firm is registered with the SEC.

The client contact is John F. McNamara.

Bartow, MacLeod International Inc.

Suite 476, Statler Office Building, Boston, Mass. 02116; (617) 542-1136

Bartow, MacLeod International managed $16 million for one U.S. tax-exempt client as of Jan. 1. Of that, $9.5 million was invested in foreign bonds.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $16 million at the beginning of the year.

As of March 31, the equity assets were invested most heavily in the United States, 40%; Japan, 20%; Germany, 20%; the United Kingdom, 10%; and Canada, 10%.

The minimum account size for individual management is $5 million.

Analysts or portfolio managers are stationed in Boston.

Bartow, MacLeod, a global fixed-income manager, uses a specially developed computer program to evaluate country yield curves and currency projections to establish maximum rate of return portfolios under various projected market and economic conditions.

The firm has been registered with the SEC since 1984.

Stephen C. Bartow, president, is the client contact.

Batterymarch Financial Management

600 Atlantic Ave., Boston, Mass. 02210; (617) 973-9300

As of Jan. 1, Batterymarch managed U.S. tax-exempt assets totaling $132 million internationally. The entire amount was invested in stocks.

Total U.S. and non-U.S. assets under management totaled $11 billion as of the first of the year.

Analysts and portfolio managers operate out of the firm's Boston headquarters.

Minimum account size is $5 million.

As of March 31, assets placed overseas were committed most heavily to Japan 15%; the United Kingdom, 13%; Australia, 15%; Singapore, 10%; and Hong Kong, 10%.

The firm's equity approach is a two-step process. It emphasizes country judgments that are contrarian and value oriented. Stock selections are the result of disciplined application of quantitative valuation techniques applied on an intracountry basis.

The firm has been registered with the SEC as an investment adviser since 1969.

The client contacts are Jarrod W. Wilcox, senior vice president, and Alan Strassman, executive vice president.

BBL Capital Management

630 Fifth Ave., Suite 2020, New York, N.Y. 10111; (212) 489-7000 Ext. 101 or 102

BBL Capital Management Corp., a subsidiary of Bank Brussels Lambert, started operations in 1984. Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $2.5 billion as of Jan. 1.

It had no U.S. tax-exempt assets invested internationally as of the beginning of the year.

As of March 31, the equity assets of Belgian pension fund clients were committed most heavily to Belgium, 35%; the United States, 22%; Japan and the Far East, 18%; the United Kingdom, 13%; and Switzerland, 8%.

Minimum account size for individual management is $4 million. Analysts or portfolio managers are stationed in Brussels, Paris and Geneva.

For investing U.S. tax-exempt assets, the firm offers individual management and four global equity oriented funds: two are actively managed and two are competing with the EAFE and World indexes. The firm combines a top-down approach with extensive bottom-up equity selection and relies on local associates in markets where it is not yet present. It targets undervalued situations and medium-term growth.

The firm has been registered with the SEC since 1983.

Koen De Ryck, managing director, is the client contact in Brussels at (2) 738-2899.

BEA Associates Inc.

153 E. 53rd St., 58th Floor, New York, N.Y. 10022; (212) 832-2626

BEA Associates managed U.S. tax-exempt assets totaling $3.2 billion as of Jan. 1. Of this total, $104 million was invested in foreign stocks and $52 million in foreign bonds. The firm has 154 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent and subsidiaries were $3.4 billion as of the beginning of the year.

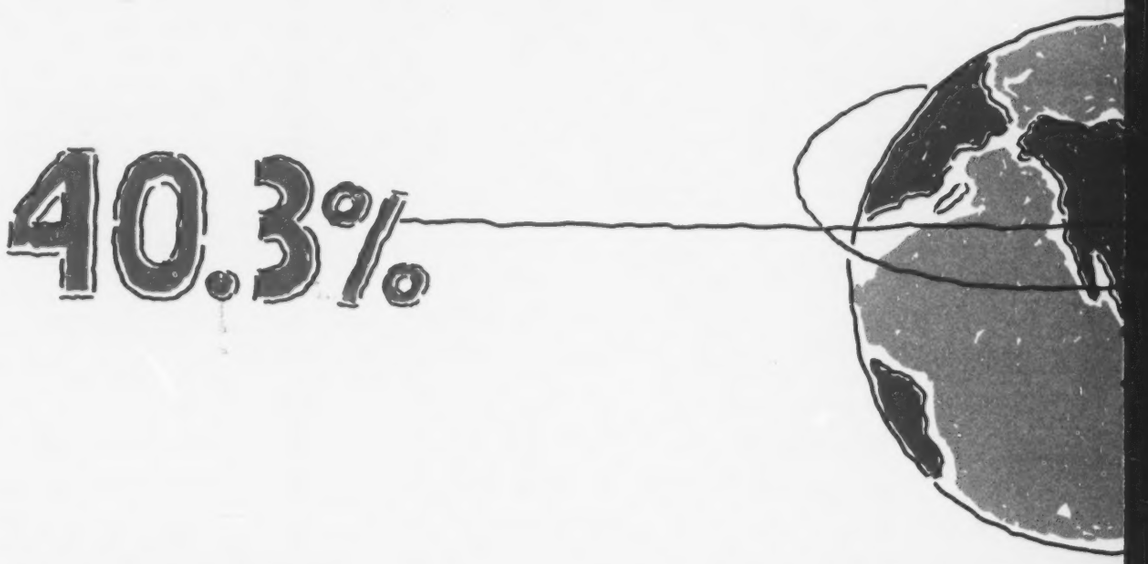
As of March 31, assets were committed most heavily to the United Kingdom, 21%; Canada, 14%; Japan, 13%; France, 8%; and Sweden, 8%.

Minimum account size for individual management is $5 million. Analysts or portfolio managers are in New York.

The firm's foreign investment philosophy for U.S. tax-exempt clients uses price sensitivity and value orientation. It seeks better relative values within a global context. It also tries to identify markets that are moving out of phase with the U.S. market to reduce portfolio volatility and vulnerability to U.S. cyclical patterns.

The firm is registered with the SEC.

The client contact is Albert L. Zesiger.



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Bessemer Trust Co.

630 Fifth Ave., New York, N.Y. 10111; (212) 708-9141

Bessemer Trust managed U.S. tax-exempt assets totaling $374 million as of Jan. 1. Of this total, $1.8 million was invested in foreign stocks and $1.2 million in foreign bonds. The firm has 65 U.S. tax-exempt clients.

Total U.S. and non-U.S. tax-exempt assets managed by the parent organization and subsidiaries were $3.3 billion as of the beginning of the year.

As of March 31, the equity assets were committed most heavily in Japan, 19.9%; the United Kingdom, 16.1%; Germany, 12.3%; Australia, 8.8%; and the Netherlands, 8.5%.

Minimum account size for individual management is $5 million.

The firm or its parent have analysts or portfolio managers in New York and Palm Beach, Fla.

The firm's investment objective is to achieve incremental returns relative to U.S. markets and reduce overall portfolio risk and volatility. An emphasis is placed on country selection based on macroeconomic data and on participation in industries with unique products and services. Portfolios are managed actively and primarily equity oriented.

The client contact is Robert C. Elliott, executive vice president.

Arnhold & S. Bleichroeder International

30 Broad St., 43rd Floor, New York, N.Y. 10004; (212) 943-9200

Arnhold & S. Bleichroeder International, a subsidiary of Arnhold and S. Bleichroeder Inc., had $40 million invested internationally as of Jan. 1 for the firm's seven U.S. tax-exempt clients. Of this, $36 million was in equities.

As of the same date, the parent company and its subsidiaries managed $420 million.

As of March 31, the heaviest commitments of non-domestic equities were in Australia, 28%; Britain, 19%; Japan, 24%; Hong Kong, 10.6%; and Norway, 8%.

All analysts or portfolio managers are stationed in New York.

The SEC-registered firm aims for high rates of return from international investments using a concentrated portfolio with a maximum of 30 securities. It builds portfolios on fundamental research of individual securities. Reduction of portfolio risk through international diversification is a secondary consideration for the firm.

Fred Reynolds, vice president, is the client contact.

Brown Brothers Harriman

59 Wall St., New York, N.Y. 10005; (212) 483-1818

Brown Brothers Harriman & Co. invested U.S. tax-exempt assets of $300 million internationally as of Jan. 1. Of this, $110 million was invested in foreign stocks and $190 million in foreign bonds. The bank has 15 U.S. tax-exempt clients.

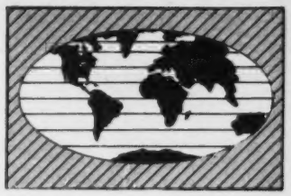
Total U.S. and non-U.S. tax-exempt assets under management by the parent and subsidiaries were $9.6 billion as of the beginning of the year.

As of March 31, the equity assets were committed most heavily in Japan, 46%; Australia, 10%; Switzerland, 9%; Germany, 8%; and Hong Kong, 8%.

Minimum account size for individual management is $5 million.

The firm or its parent company have analysts or portfolio managers stationed in New York, London and Tokyo.

The firm's international investment philosophy emphasizes longer term commitment to multicurrency diversification. It stresses the impact of judgments on economic developments, expected changes in currency values and market trends. Individual stock and bond issue analysis and selection are also vital. Active management is stressed, although radical shifts in asset mix or individual issues are not anticipated. The firm places strong emphasis on quality and marketability in investment selections.



The client contact is Frank J. Keeler, manager, at (212) 483-5376.

BT Investment Management

280 Park Ave., New York, N.Y. 10017; (212) 850-2050

As of Jan. 1, BT Investment Management, a subsidiary of Bankers Trust Co., managed $60 million for 14 U.S. tax-exempt clients. Of that, $54.6 million was in foreign stocks.

U.S. and non-U.S. assets managed by the parent and its subsidiaries as of Jan. 1 totaled $28.3 billion.

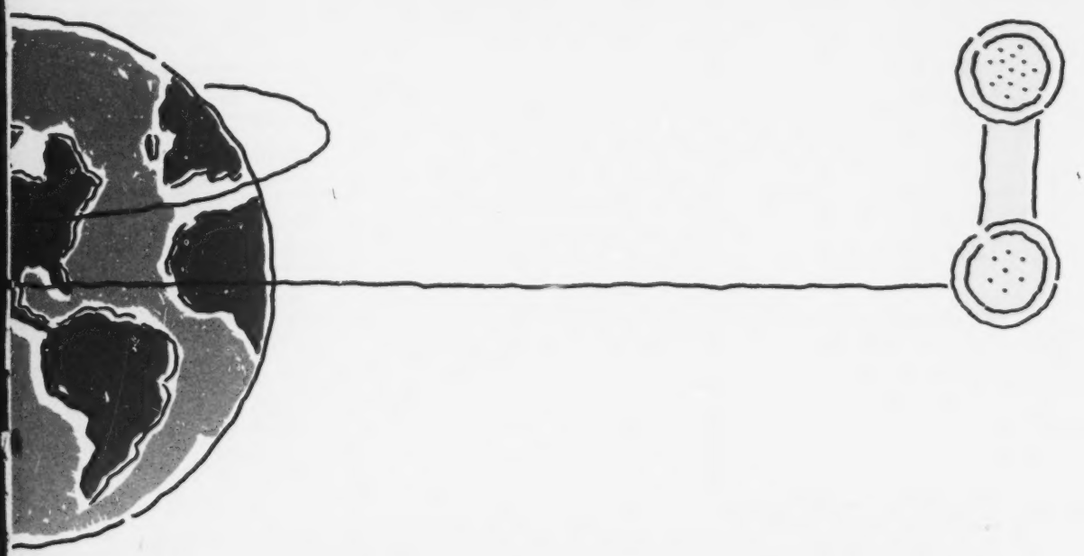
As of March 31, the equity assets were invested most heavily in Japan, 46%; the United Kingdom, 21%; Germany, 8.2%; the Netherlands, 6%; and Australia, 5%.

Minimum account size for separate management is $5 million.

Analysts or portfolio managers are stationed in London, Tokyo, Sydney and Zurich.

BT Investment combines both fundamental and quantitative analysis for the diversification of assets in international markets. It is a two-stage approach involving a country or geographical asset allocation decision and then security selection within each country. The international equity management product that is offered to U.S. plan sponsors is an active selection investment vehicle that is risk controlled. The firm has been registered with the SEC since 1983.

The client contact is William O. Melvin Jr. at (212) 850-2047.



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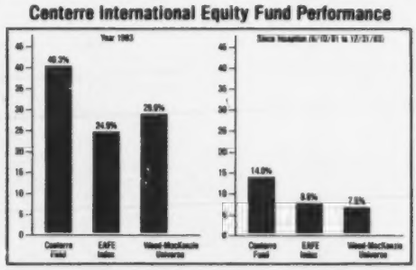
Centerre International Equity Fund Performance



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Centerre Trust Company of St. Louis

510 Locust Street
St. Louis, MO 63101

Capital Guardian Trust Co.

333 S. Hope St., Los Angeles, Calif. 90071; (213) 486-9200

Capital Guardian Trust Co., a subsidiary of The Capital Group Inc., had U.S. tax-exempt assets of $475 million invested internationally for 15 clients as of Jan. 1. Of that, $397 million was in equities, $47.5 million was in bonds, and $31.1 million was in cash.

The firm had $10.1 billion under management as of the same date. All of those assets are tax-exempt.

As of March 31, international equity assets were invested most heavily in Japan, 56.9%; Germany, 13.4%; the United Kingdom, 9.1%; Hong Kong, 6.1%; and the Netherlands, 4.4%.

Analysts or portfolio managers are stationed in Hong Kong, Tokyo, London, Geneva, San Francisco, Los Angeles, New York and Washington.

Minimum account size for individual management is $10 million.

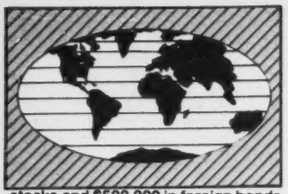
For investing U.S. tax-exempt assets, the firm uses a fundamental, value-oriented approach based on detailed research and analysis supported by direct management contracts. Additional focus is provided by portfolio managers and analysts with country or area economic, political and social overview responsibilities. International research is based in Geneva with overall strategy coordinated daily through the Los Angeles head office.

The client contact is John H. Seiter, vice president, at (213) 486-9436.

Centerre Trust Co. of St. Louis

510 Locust St., St. Louis, Mo. 63101; (314) 231-9300

Centerre Trust managed U.S. tax-exempt assets totaling $36.7 million internationally as of Jan. 1. Of this, $36.2 million was invested in foreign



stocks and $500,000 in foreign bonds. It has 20 U.S. tax-exempt clients.

As of March 31, the equity assets were committed most heavily to Japan, 49%; the Netherlands, 8%; Germany, 7%; the United Kingdom, 6%; and Europe (other), 7%.

Portfolio managers for the firm or its parent are stationed in St. Louis; research assistance is provided from London, Geneva, Tokyo, Singapore and Sydney.

The firm's investment approach is one of active management, with primary emphasis placed on over- or underweighting countries, followed by stock and sector selection. The primary factor in decision-making is fundamental research with large movement among countries.

The client contact is Rollie Woltjen at (314) 436-9235.

Canadian advisers will be ranked and profiled in the July 9 issue.

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Chase Investors Management Corp.

1211 Avenue of the Americas, New York, N.Y. 10036; (212) 730-2967

Chase Investors managed U.S. tax-exempt assets totaling $11 billion as of Jan. 1. Of this, $138 million was invested in foreign stocks. The firm has 205 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $15 billion as of the beginning of the year.

As of March 31, the equity assets were committed most heavily in Japan, 48.4%; Germany, 13.9%; Singapore, 9.1%; the Netherlands, 6.6%; Switzerland, 5%; and the United Kingdom, 5%.

Minimum account size for individual management is $10 million.

The firm or its parent have analysts or portfolio managers stationed in New York and London.

The firm uses an actively managed, equity-oriented investment stance with equal emphasis on market and stock selection and including opportunistic currency overlay. Market judgments are highly centralized and stock selections are decentralized, with portfolio managers determining strategies and tactics within their markets.

The firm is a registered adviser with the SEC.

The client contact is Edward V. Arbaugh III at (212) 730-3744.

Chemical Bank

180 Strand, London, WC2R 1ET, England; 380-5437

Chemical Bank managed $53 million internationally for 55 U.S. tax-exempt funds as of Jan. 1. Overall, Chemical managed $11 billion in U.S. tax-exempt assets.

Total U.S. and non-U.S. assets under management by the parent or its subsidiaries were $15 billion as of the beginning of the year.

As of March 31, the equity assets were committed most heavily in Japan, 41%; the United Kingdom, 18%; Switzerland, 8%; Australia, 7%; and the Netherlands, 7%.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are stationed in London, Singapore and New York.

The firm uses a contrarian approach that focuses on stock selection. A relative-value stock selection process with quantified objectives is used. In the major markets, the firm uses a top-down methodology. Other markets follow stock selection priorities.

Robert Colvill is the client contact.

Citibank

1 Citicorp Center, 153 E. 53rd St., New York, N.Y. 10043; (212) 559-9700

Citibank, a subsidiary of Citicorp, managed $300 million of U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $240 million was invested in foreign stocks and $60 million in foreign bonds. The firm has 75 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $24 billion at the beginning of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 51%; the United Kingdom, 15%; Germany, 5%; Canada, 4%; and Australia, 3%.

Analysts or portfolio managers are stationed in London, Hong Kong, Geneva, Zurich, New York, Houston and San Francisco.

Minimum account size for individual management is $5 million.

The firm uses active management with an orientation to growth. Portfolios are diversified, with specialization in growth stocks. Stock selection is regionalized for day-to-day decisions with specialists in Europe and the Far East. Asset allocation is controlled centrally.

The client contact is Barry Gillman, vice president, at (212) 559-9181.

Continental Illinois National Bank & Trust Co. of Chicago

162 Queen Victoria St., London, EC4V 4BS, England; 011-441-236-7444

As of Jan. 1, Continental Illinois had $9 million invested in foreign stocks and $3 million invested in foreign bonds through two commingled funds.

As of March 31, the equity assets were committed most heavily in Japan, 48%; Germany, 12%; the United Kingdom, 10%; the Netherlands, 7%; and Switzerland, 5%.

The minimum size for individual management is $5 million.

Analysts or portfolio managers are based in London, Zurich, Geneva, Hong Kong and Chicago.

It uses a top-down/bottom-up strategy to invest in equities, stressing currency, market and sector/stock selection. Its active management style, used between and within markets, is based on forecasts of total returns and risk analysis. Emphasis is on tailor-made portfolios and close interactions with clients. Continental Illinois also believes a balanced bond and equity approach has a place in international diversification.

The client contacts are Geoffrey Osmint, vice president, in London, and George Wingerter, vice president, in Chicago at (312) 828-4427.

CSFB Investment Management Ltd.

22 Bishopgate, London, EC2N 4BQ, England; 01-283-4200

CSFB Investment Management Ltd. is the investment management subsidiary of Financiere Credit Suisse-First Boston. The company is considering seeking ERISA assets.

It is mainly a fixed-income international manager for pension funds, insurance companies, multinational corporations and central banks. The company offers different types of portfolios, including cash management, floating rate, fixed-income multicurrency and convertible bond portfolios.

The firm is not registered with the SEC.

Manfred Adami, managing director, and Michael J.W. Daley, investment manager, are the client contacts.

C.S. Investment Management Ltd.

125 High Holborn, London, WC1V 6PY, England; 01-242-1148

C.S. Investment Management Ltd., a subsidiary of C.S. Investments Ltd., managed no U.S. tax-exempt assets as of Jan. 1.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $390 million.

As of March 31, equity assets were invested most heavily in the United States, 50%; the United Kingdom, 20%; Japan, 20%; Germany, 6%; and France, 2%.

Minimum account size for individual management is $2 million.

Analysts or portfolio managers are stationed in London.

Piers Mountstephens is the client contact.

Martin Currie Inc.

29 Charlotte Square, Edinburgh, Scotland; 011-44-31-225-3811

As of Jan. 1, Martin Currie & Co. had $60 million of U.S. tax-exempt assets invested internationally, all in stocks. The firm has four U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $830 million as of the beginning of the year.

As of March 31, the equity assets were invested most heavily in Japan, 51%; the United States, 13%; the United Kingdom, 11%; Germany, 8%; and the Netherlands, 6%.

Minimum account size for individual

management is $10 million.

All the firms activities are centralized in Edinburgh.

The firm's investment aim is to add value by stock selection and by choice of markets. Market selection is strongly influenced by currency considerations and emphasis is placed on first-hand knowledge of company managements in picking stocks. Investment horizons are medium term, except in Japan and in commodity markets where a shorter term is adopted.

The firm is registered with the SEC.

The client contact is David Skinner.

d

Daiwa International Capital Management Corp.

1 Liberty Plaza, 91 Liberty St., New York, N.Y. 10006; (212) 732-6600

Daiwa International, a subsidiary of Daiwa, Japan, had U.S. tax-exempt assets of $110 million managed internationally as of Jan. 1. Of this amount, $100 million was invested in foreign stocks. The firm has four U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $4 billion as of the same date.

As of March 31, international equity assets were invested most heavily in Japan, 96%, Australia and Singapore.

Analysts or portfolio managers are stationed in Tokyo, London and New York.

Minimum account size for individual management is $5 million.

Daiwa is a research-oriented, active manager, seeking incremental returns from equity investment in Pacific Basin markets. The stock selection process focuses on a company's long-term growth potential and the relative value of its stock price.

The firm has been registered with the SEC since 1981.

The client contact is Shunsuke Ichijo, vice president, in New York.

e

Eaton & Howard, Vance Sanders Inc.

24 Federal St., Boston, Mass. 02110; (617) 482-8260

Eaton & Howard, Vance Sanders Inc. managed U.S. tax-exempt assets of $665 million as of Jan. 1. Of this, $26 million was invested in foreign stocks and $2 million in foreign bonds. The firm has 89 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $3.1 billion as of the beginning of the year.

As of March 31, the equity assets were invested most heavily in Canada, 30%; Japan, 20%; Great Britain, 20%; the Netherlands, 20%; and Australia, 10%.

Minimum account size for individual management is $1 million.

Analysts or portfolio managers are stationed in Boston and San Francisco.

The firm concentrates on securities of companies with future values providing high potential for appreciation. The firm's objective is to seek out securities likely to benefit from improving fundamentals related to sales, margins, returns on equity and assets, and per-share earnings and dividend growth.

Perceptions of management, products and services, and future value based on the opinions of competitors, users, suppliers and analytical sources are important to buy-sell decisions.

The firm has been registered with the SEC since 1940.

The client contact is John H. Wise Jr., vice president.

Eberstadt Asset Management

61 Broadway, New York, N.Y. 10006; (212) 480-8600

Eberstadt Asset Management had U.S. tax-exempt assets of $175 million invested in foreign equities for 45 clients as of Jan. 1.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $2.5 billion as of the beginning of the year.

Analysts or portfolio managers are stationed in New York. The firm also uses consultants based in France, Germany and the Netherlands.

As of March 31, international equity assets were invested most heavily in Japan, 38%; Germany, 14%; the Netherlands, 12%; Switzerland, 11%; and the United Kingdom, 8%.

Minimum account size for individual

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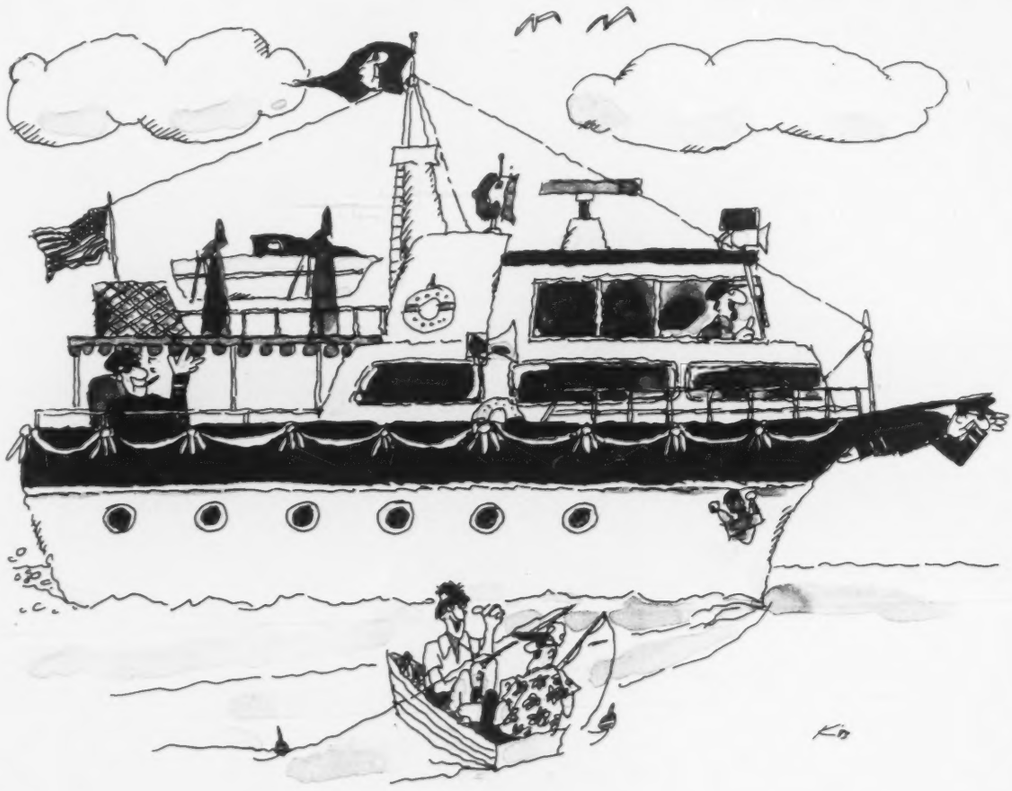

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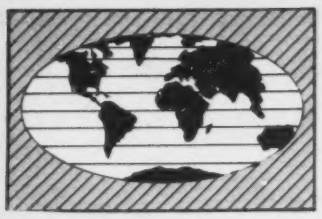

management is $5 million.

Through intensive bottom-up research, the firm identifies and invests in companies it believes will produce superior growth in earnings, dividends and cash flow, and superior growth in assets. Eberstadt focuses on companies that have or will have incremental unit volume growth and improving profitability.

The company has been registered with the SEC since 1938.

Leo Clemente, vice president, is the client contact, at (212) 480-8688.

Eurogan

Sears Crescent, City Hall Square, Boston, Mass. 02108; (617) 723-7220

Eurogan, a subsidiary of Groupes Des Assurances Nationales, has no U.S. tax-exempt assets invested overseas. Total U.S. and non-U.S. assets under management by GAN and its subsidiaries were $5 billion as of Jan. 1.

Eurogan hopes to invest in equities of the United States, Japan, Germany, France and the United Kingdom.

Analysts or portfolio managers are stationed in Paris.

Minimum account size for individual management is $10 million.

The firm's investment approach is to define the risk/reward potential of each international market it monitors. There is an emphasis on medium- to long-term, value-oriented considerations rather than shorter term technical or fundamental factors. The firm uses advanced techniques for security valuation and portfolio risk control.

The firm has been registered with the SEC as an investment adviser since 1980.

Client contacts are M. Oliver Maumus in Paris at 247-5326, and John M. Heckler in Boston.

European & Pacific Investment Management

1100 Melville St., #620, Vancouver, V6E 4A6, British Columbia; (604) 687-7306

European & Pacific Investment Management Ltd. and its parent, AMI Asset Managment International, had $3.9 billion (Canadian) of U.S. and non-U.S. assets under management as of Jan. 1.

It has no U.S. tax-exempt clients.

As of March 31, the equity assets were invested most heavily in Japan, 47.3%; the United Kingdom, 10.3%; Australia, 8.3%; the Netherlands, 7%; and France, 6.2%.

Minimum account size for individual management is $10 million (Canadian).

Analysts or portfolio managers are stationed in Tokyo, Singapore, Kuala Lumpur, Melbourne, Manila and New York. Investment management is delegated to Robert Fleming, London, and Jardine Fleming, Hong Kong.

The firm offers its Canadian clients international investment services including two unit trusts with a total market value of $137 million as of Jan. 1 and, more recently, a full range of segregated management services. Its overseas investment managers use a fundamental approach and pay particular attention to the smaller, faster growing markets in Europe and the Pacific.

The client contact is Brien D. Gillespie.

A cash management directory, to be published July 23, will detail banks, service networks, consultants and professional associations.

f

Fidelity International Investment Management

82 Devonshire St., Boston, Mass. 02109; (617) 726-0330

Fidelity International Investment, a subsidiary of FMR Corp., managed U.S. tax-exempt assets of $725 million as of Jan. 1. Of this, $675 million was invested in foreign stocks. The firm has 18 U.S. tax-exempt clients.

As of March 31, the equity assets were invested most heavily in Japan, 55.7%; the United Kingdom, 11.4%; and the Netherlands, 7%.

Analysts or portfolio managers are stationed in London, Hong Kong, Tokyo and Boston.

Minimum account size for individual management is $20 millicn.

For investing U.S. tax-exempt assets, the firm's approach is aimed at superior returns. Once an internationally diversified portfolio is allocated to an area or country, assets are managed locally to the greatest extent possible by experienced investment professionals who understand the nuances of their respective markets.

The firm has been registered with the SEC since 1977.

The client contact is William B. Fink.

Fiduciary Trust Co. of New York

2 World Trade Center, New York, N.Y. 10048; (212) 466-4100

Fiduciary Trust managed $220 million for 29 U.S. tax-exempt clients as of Jan. 1. Of that, $70 million was invested in foreign stocks and $150 million in foreign bonds.

Total U.S. and non-U.S. tax-exempt assets under management by the parent and its subsidiaries were $8.4 billion as of the beginning of the year.

This year's total excludes one client, the United Nations Joint Staff Pension Fund.

As of March 31, the equity assets were committed most heavily in Japan, 41%; Germany, 10%; the Netherlands, 9%; Switzerland, 7%, and the United Kingdom, 10%.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are stationed in New York, London, Los Angeles and Geneva.

The company's investment approach for U.S. tax-exempt assets is based on a global perspective that emphasizes asset allocation decisions, the competitive positions of markets and industries worldwide, flexibility and individual selection based on fundamental changes rather than short-term events.

The client contacts are Thomas A. Veitch in London at 01-439-8946; and George J. Mullen Jr. in New York at (212) 466-4100.

Management consultants, Aug. 6.

First Chicago Investment Advisors

3 First National Plaza, Suite 0106, Chicago, Ill. 60670; (312) 732-6400

First Chicago Investment Advisors managed U.S. tax-exmpt assets of $5.3 billion as of Jan. 1. Of this total, $120 million was invested in foreign stocks and $85 million in foreign bonds. The firm has 308 U.S. tax-exempt clients, 58 of whom have international accounts.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $5.6 billion.

As of March 31, the equity assets were invested most heavily in Japan, 45.6%; the United Kingdom, 15.8%; Germany, 10.2%; Canada, 5.6%; and Australia, 3.6%.

Minimum account size for individual management is $1 million.

Analysts or portfolio managers are stationed in London and Chicago.

First Chicago Investment's London

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Chessie System Railroads

Seaboard System Railroad

Texas Gas Resources

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Combined with the 102 plants now served, that's a significant growth indicator for both coal and CSX Corporation. Because the nation's demand for electric

office is an active manager of diversified international equity and fixed-income portfolios. The firm uses internally developed valuation models, risk systems and other quantitative techniques in a structured decision process. The equity approach is value-oriented and identifies mispriced markets and securities. Fixed income is treated as a separate class, with interest rate and currency forecasts integrated into strategic forecasts.

The client contact is Thomas Andrews at (312) 732-1648.

First Investors Equity Management Co. Inc.

120 Wall St., New York, N.Y. 10005; (212) 825-7930

First Investors Equity Management managed U.S. tax-exempt assets of $106 million as of Jan. 1. Of this total, $26 million was invested in foreign stocks.

The firm has one U.S. tax-exempt client.

Total U.S. and non U.S. tax-exempt assets under management by the parent organization and subsidiaries were $2 billion as of the beginning of the year.

As of March 31, the equity assets were invested most heavily in Hong Kong, 20.7%; Spain, 18.5%, Canada, 12.7%, Israel, 11.4%; and the Philippines, 10.6%.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are stationed in New York.

The firm uses a contrarian approach. Its fundamental belief is that growth of capital can be achieved through the purchase of common stocks at their lowest possible price relative to intrinsic value. First Investors tries to acquire the best possible value by taking advantage of the inefficiencies of both the U.S. and foreign securities markets and by studying economic trends.

The firm is registered with the SEC.

The client contact is F. Allen Dudley, vice president-marketing.

Foreign and Colonial Asset Management

45 Wall St. New York, N.Y. 10005; (212) 806-4480; 1 Laurence Pountney Hill, London, EC4R OBA, England; 01-623-4253

Foreign and Colonial Asset Management, a registered SEC investment adviser, is a partnership of Foreign & Colonial Management Group of London and United States Trust Co. of New York. The firm manages $35 million for eight U.S. tax-exempt clients. All of the assets were in international equities.

Total U.S. and non-U.S. assets managed by the parent organizations were $10.2 billion and $2 billion, respectively. The latter figure being global investments.

As of March 31, the equity assets were invested most heavily in Japan, 38%; the United Kingdom, 18%; the Netherlands, 12%; Australia, 5%; and Singapore, 5%.

Minimum account size for separate management is $2 million.

For investing U.S. tax-exempt assets, the firm establishes country/currency, cash/equity and industry/sector guidelines. It specializes in selecting medium-capitalized growth companies with a three- to five-year time horizon. Larger capitalized issues are used in selected markets to provide liquidity and trading opportunities.

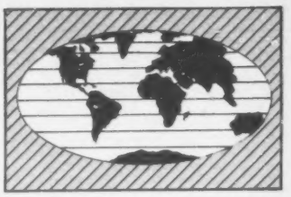
The client contact is John K. Holland, vice president and senior marketing officer, at (212) 806-4480.

Froley, Revy Investment Co.

10900 Wilshire Blvd. #1050, Los Angeles, Calif. 90024; (213) 208-4938

Froley, Revy Investment Co. has $8.8 million invested internationally for six U.S. tax-exempt clients. Of the total, $3.5 million is equity and $5.25 million is fixed income. Total U.S. and non-U.S. assets under management are $202 million; $175 million is tax-exempt.

The foreign investments are in Canada and Eurodollar convertible bonds.



Froley, Revy follows a highly diversified investment approach and seeks high yield. The minimum separate account is $1 million. The firm has been registered with the SEC since 1975.

Thomas Revy is the client contact.

g

Globe Finlay Inc.

245 Park Ave., New York, N.Y. 10167; (212) 557-7022

Globe Finlay is the U.S.-based member of the Globe International Group, a multinational team of managers running more than $150 million from offices in New York, London, Geneva, Tokyo and Bermuda.

Assets managed in New York include $70 million committed by four North American tax-exempt clients. Accounts are both global and international.

The primary object of management is to obtain superior returns; the vehicles are normally equities, but bonds or cash may be used as alternatives when appropriate.

Depending on a portfolio's geographic limitations, and on the firm's current strategy, investments are concentrated in six to eight markets and approximately 50 positions. Minimum account size is $5 million.

Ralph DiFiore, senior vice president, is the client contact.

Grantham, Mayo, Van Otterloo

125 High St., Boston, Mass. 02110; (617) 574-4817

Grantham, Mayo, Van Otterloo & Co. managed U.S. tax-exempt assets of $153 million overseas as of Jan. 1. The entire amount was invested in foreign stocks. The firm has 12 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $870 million as of the start of the year.

As of March 31, the international equity assets were invested most heavily in the United Kingdom, 28%; Japan, 22%; the Netherlands, 10%; Hong Kong, 9%; and Germany, 8%.

Analysts or portfolio managers are stationed in Boston.

For investing U.S. tax-exempt assets, the firm decides value as determined by back-tested investment parameters modified by up-to-date judgments based on readily available local information.

The firm has been registered with the SEC since 1977. The client contact is Eyk Van Otterloo, partner.

G.T. Capital Management

601 Montgomery St., Suite 1400, San Francisco, Calif. 94111; (415) 392-6181

G.T. Capital Management managed U.S. tax-exempt assets of $590 million as of Jan. 1. Of that, $550 million was invested in foreign stocks. The firm has 18 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent and subsidiaries were $3.4 billion as of the beginning of the year.

As of March 31, the equity assets were invested most heavily in Japan, 40%; the United Kingdom, 23%; Germany, 5%; and Australia, 4%.

Minimum account size for individual management is $15 million.

Analysts or portfolio managers are

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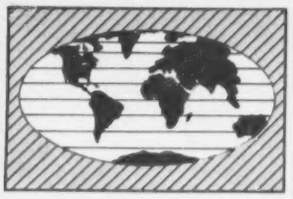


in London, Hong Kong, Sydney, San Francisco and Menlo Park, Calif.

The firm combines a top-down approach to geographic allocation (growth economies) with a bottom-up approach to security selection (growth companies) in its U.S. tax-exempt asset investment strategy.

The firm has been registered with the SEC since 1974.

The client contact is Mary Lou Bernhoft, vice president.

h

Holborn International Portfolio Managers

450 Park Ave., New York, N.Y. 10022; (212) 980-0977

Holborn International, a subsidiary of Prudential Corp. Ltd., has no U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $25 billion as of Jan. 1.

Analysts or portfolio managers are stationed in London.

Minimum account size for individual management is $5 million.

Holborn manages equity allocation and currency exposure separately, enabling the portfolio to experience the optimum distribution of equity markets and currency exposure. The firm invests in a broad range of equity markets, and both the individual country and total portfolios differ markedly from index positions. Emphasis is placed on quality growth.

The firm has been registered with the SEC since 1982.

The client contacts are Thomas Guillet and Peter Whelpton in New York.

HT Investors Inc.

15 Westminster St., Providence, R.I. 02903; (401) 278-8899

HT Investors had U.S. tax-exempt assets of $5.6 million invested in foreign stocks as of Jan. 1. In all, it managed $800 million in U.S. tax-exempt assets for 179 clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $2.5 billion as of the same date.

As of March 31, the equity assets were invested most heavily in the United Kingdom, 19.6%; Japan, 20.1%; Scandinavia, 11%; the Netherlands, 9.7%; and Germany, 8.9%.

There is no minimum account size for individual management.

For fixed income, the firm uses a rigid top-down approach. For equity, a bottom-up approach emphasizing growth and value is used.

The firm has been registered with the SEC since 1982.

The client contact is Richard Fitts at (401) 278-8853.

i

IDS-Gartmore International

3100 IDS Center, Minneapolis, Minn. 55402; (612) 372-2026

IDS-Gartmore International is the new entity formed by the breakup of IDS Advisory-Gartmore International. IDS/American Express will assume 100% ownership of the firm June 15.

As of Jan. 1, IDS Advisory-Gartmore international had $25 million in U.S. tax-exempt assets under management, entirely invested in foreign stock. The firm has four U.S. tax-exempt clients.

As of April 1, 1984, the firm had $40 million U.S. tax-exempt assets invested internationally.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $29 billion as of Jan. 1.

As of March 31, the equity assets were invested most heavily in Japan, 46%; the United Kingdom, 13%; Hong Kong, 10%; Sweden, 8%; and Holland, 7%.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are based in London, Hong Kong, Glasgow and Minneapolis.

The firm's investment strategy employs both top-down and bottom-up approaches, blending them to allow decisions in one area to transmit through to another. This creates a unique style providing the flexibility and awareness necessary in international investment management. The client contact is William C. Daniels.

Ivory & Sime International

39 Main St., P.O. Box 6, Chatham, N.J. 07928; (201) 635-6700

Ivory & Sime International managed North American tax-exempt assets of $123.9 million as of Jan. 1. Of the total, $86.3 million was invested in foreign stocks and $200,000 in foreign bonds.

The firm has four U.S. tax-exempt clients and one Canadian tax-exempt client.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $3 billion as of the beginning of the year.

As of March 31, the equity assets were invested most heavily in Japan, 55%; the Netherlands, 9%; Germany, 8%; Hong Kong, 8%; and the United Kingdom, 6%.

Minimum account size for individual management is $5 million.

All analysts/portfolio managers are headquartered in Edinburgh, Scotland.

For investing U.S. tax-exempt assets the firm uses a long-term fundamental, research-based approach with primary emphasis on stock selection and identifying superior companies in a global context.

The firm has been registered with the SEC since 1978.

Keith H. Wood is the client contact at (201) 635-6700.

k

Kangyo Kakumaru Capital Management Corp.

1 State Street Plaza, New York, N.Y. 10004; (212) 509-4661

Kangyo Kakumaru Capital had no U.S. tax-exempt assets under management as of Jan. 1. It managed total U.S. and non-U.S. assets of $587 million as of that date.

As of March 31, the equity assets were invested most heavily in Japan, 94%; the United States, 4%; Luxembourg, 1%; and Germany, 1%.

Minimum size for individual management is $1 million.

Analysts or portfolio managers are in Tokyo and New York.

The firm's investment approach emphasizes the importance of fundamental analyses that include economic, industrial and corporate factors, as well as the importance of market psychology analysis. It tailors a portfolio to maintain optimum balance between investment vehicles in order to minimize risks and to maximize the expected returns. The firm endeavors to maintain a close relationship with its clients.

The firm has been registered with the SEC since 1983.

The client contact is Keiji Wada, president, at (212) 509-4661.

Kemper-Murray Johnstone International

120 S. LaSalle St., Chicago, Ill. 60603; (312) 845-1880

Kemper-Murray Johnstone International managed U.S. tax-exempt assets of $175 million as of Jan. 1. Of that, $75 million was invested in foreign stocks and $100 million in foreign bonds. The firm has 19 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organizations and subsidiaries were $22.1 billion as of the beginning of the year.

As of March 31, the equity assets were invested most heavily in Japan, 35%; the United Kingdom, 10%; France, 6%; Germany, 6%; and South Africa, 6%.

Minimum size for individual management is $5 million.

Analysts or portfolio managers are stationed in Glasgow, Scotland, and Chicago.

The firm uses an active international equity strategy and active currency management. It tracks 17 non-U.S. stock markets and is growth biased with relative value analysis and transactional sector analysis for equities. It uses bonds for cyclical and defensive purposes.

The firm has been registerd with the SEC since 1980.

The client contact is Gavin Dobson.

Kleinwort Benson International Investment

100 Wall St., New York, N.Y. 10005; (212) 747-0440

Kleinwort Benson International Investment Ltd. managed U.S. tax-exempt assets of $312 million for 13 clients as of Jan. 1. Of the total, $272 million was in foreign stocks, $40 million in foreign bonds.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $6 billion as of the same date.

As of March 31, the equity assets were invested most heavily in Japan, 24%; the United Kingdom, 17%; the Netherlands, 12%; Australia, 11%; and France, 9%.

Minimum fee for individual management is $25,000.

Analysts or portfolio managers are stationed in London, New York, Hong Kong, Tokyo, Melbourne, Bremen, Brussels and Geneva.

The firm is equity oriented and favors a bottom-up approach. Equities are selected for their growth characteristics and good value in their markets, rather than the country or currency in which they are traded. Fixed income is invested on a top-down basis, with interest rate and currency trends being of primary importance.

The firm has been registered with the SEC since 1980.

Donald Hurley Jr., director, is the client contact.

l

Lipper Analytical Services

5 Carol Road, Westfield, N.J. 07090; (201) 233-8100

Lipper Analytical Services Inc. managed $92 million for 11 U.S. tax-exempt clients as of Jan. 1. Of that, only $3.4 million was invested overseas.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $102 million.

As of March 31, the equity assets were invested most heavily in Japan, the Netherlands, Australia, Germany, and the United Kingdom.

Minimum account size for individual management is $2 million.

Analysts or portfolio managers are stationed in New York.

Client portfolios are invested in open-end (mutual funds) and closed-end funds with emphasis on diversification, specialization, rotation and low valuation.

The firm believes in broad diversification of investment styles across domestic and international equities. Whenever permitted, up to 10% of a portfolio might be invested in foreign securities.

The firm has been registered with the SEC since 1973.

The client contact is Henry Shilling at (212) 269-4080.

Lombard Odier International Portfolio Management Ltd.

717 Fifth Ave., New York, N.Y. 10022; (212) 750-9830

Lombard Odier International managed U.S. tax-exempt assets of $110 million as of Jan. 1. Of that, $55.5 million was invested in foreign stocks. The firm has four U.S. tax-exempt clients.

Last year's figure for international investment included $62 million in non-U.S. assets.

As of March 31, the equity assets were invested most heavily in Japan, 54.2%; the United Kingdom, 8.4%; the Netherlands, 8.3%; France, 5.8%; and Hong Kong, 7%.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are stationed in London and Geneva.

Lombard Odier International bases its asset allocation process — consisting of interrelated decisions on currencies, markets, securities and gold — on an expected return for each asset group while taking into account factors of volatility and risk as they are applicable to international investment. An allocation matrix is drawn up and updated at weekly meetings.

The firm has been registered with the SEC since 1978.

George M. Yaneff, president, is the client contact.

m

Mellon-Pictet International Management Ltd.

Cutlers Gardens, 5 Devonshire Square, London, EC2M 4LD, England; 551 Madison Ave., New York, N.Y. 10022; (212) 702-5267

Mellon-Pictet International Management, a subsidiary of Pictet & Cie, has $110 million invested in international stocks for six U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent and subsidiaries were $310 million as of Jan. 1.

As of March 31, the equity assets were invested most heavily in Japan, 52%; the United Kingdom, 11%; Australia, 9%; Germany, 9%; and the Netherlands, 8%.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are stationed in London, Tokyo and Geneva.

The firm actively pursues superior returns through highly concentrated portfolio structure. The emphasis is on fundamental analysis through a strong in-house research effort. Priority is placed on asset allocation decisions with stock selection delegated to country specialists.

The firm has been registered with the SEC since 1980.

The client contacts are Rod Hearn in New York at (212) 702-5268, and Dan Blanks in London at 01-283-7471.

Merrill Lynch Asset Management Inc.

633 Third Ave., New York, N.Y. 10017; (212) 692-2000

As of Jan. 1, Merrill Lynch Asset Management, a subsidiary of Merrill Lynch & Co., managed U.S. tax-exempt assets of $303 million overseas. Of the amount, $100 million was invested in foreign stocks and $154 million in foreign bonds.

Total U.S. and non-U.S. assets under management were $46 billion as of Jan. 1.

As of March 31, international equity assets were invested most heavily in Japan, 35%; Germany, 20%; the Netherlands, 15%; and Switzerland and Australia, 10%.

Analysts or portfolio managers are stationed in New York, London, Tokyo and Hong Kong.

Minimum account size for individual management is $500,000.

For investing U.S. tax-exempt assets, the firm emphasizes prudent diversification of assets by currency, economic sector, industry and asset category, with weighting in each area dependent on analysis of economic and political factors as well as the level of market valuation in each country.

The firm has been registered with the SEC since 1976.

Richard Jacobson, senior vice president, is the client contact at (212) 692-8001.

Morgan Grenfell Investment Services Ltd.

520 Madison Ave., Suite 3900, New York, N.Y. 10022; (212) 715-1700

Morgan Grenfell Investment Services Ltd., a subsidiary of Morgan Grenfell & Co., managed tax-exempt assets of $754 million for 33 U.S. clients as of Jan. 1.

Of that, $743 million was invested in foreign stocks and $11 million in foreign bonds.

Total U.S. and non-U.S. assets under management by the parent and subsidiaries were $9.8 billion as of Jan. 1.

As of March 31, the equity assets were invested most heavily in Japan, 53%; Germany, 12%; the Netherlands, 9%; Scandinavia, 7%; and Australia, 5%.

Minimum account size for individual management is $10 million.

Analysts or portfolio managers are based in London, Tokyo, Sydney, Singapore and Geneva.

Morgan Grenfell Investment is an active manager that focuses simultaneously on stock market selection and stock selection within markets. This is possible because each portfolio manager has research responsibility. No investment is made without considering the currency impact. All stocks are reviewed to determine if return objectives have been achieved.

The firm has been registered with the SEC since 1977.

The client contact is Elliott M. Gartner, director.

Morgan Guaranty Trust Co. of New York

30 Throgmorton St., London, EC2N 2DT, England; 01-600-2300

Morgan Guaranty Trust Co. managed $2.2 billion internationally for U.S. tax-exempt investors as of Jan. 1. The firm has 32 separate U.S. tax-exempt clients, and two commingled funds consisting of 250 clients.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $37 billion, as of April 30.

As of March 31, the equity assets were invested most heavily in Japan, 62%; Germany, 20%; the United Kingdom, 10%; Switzerland, 4%; and the Netherlands, 3.5%.

Minimum account size for individual management is $10 million to $15 million.

Analysts or portfolio managers are stationed in London, New York, Singapore and Tokyo.

To construct the optimal portfolio for U.S. tax-exempt assets, the firm integrates global macro and micro research by a team of multinational analysts with the portfolio managers' knowledge of international markets and the clients' objectives. The company focuses on stock, currency and market selection.

The client contacts are Stephanie Sandell at (44-1) 600-2300 Ext. 3857, and in New York, Nicola R. Ozanne, (212) 826-7449.

n

New Japan Capital Management (USA) Inc.

1 World Trade Center, Suite 4959, New York, N.Y. 10048; (212) 938-5602

New Japan Capital Management (USA) had no U.S. tax-exempt assets under management as of Jan. 1. Total U.S. and non-U.S. assets under management by the parent and subsidiaries were $444 million.

The minimum account size for individual management is $1 million.

Analysts or portfolio managers are stationed in Tokyo and New York.

The firm's investment approach provides a mixture of top-down and bottom-up strategies. Equities are classified by growth; emerging growth; and cyclical based on growth potential, industry leadership, capitalization, beta and P/E ratios. Computer-aided, optimal portfolios are formulated according to client preferences.

The firm has been registered with the SEC since 1982.

Hiroshi Takahashi, senior vice president, is the client contact at (212) 938-5604.

Nikko International Capital Management Co. (America) Inc.

140 Broadway, New York, N.Y. 10005; (212) 747-9823

Nikko International Capital Management Co. (America) had $74 million invested internationally for four U.S. tax-exempt clients as of Jan. 1.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $1.1 billion as of the same date.

As of March 31, equity assets were invested most heavily in Japan, 80%, and the United States, 20%.

Minimum account size for individual management is $2 million.

Analysts or portfolio managers are stationed in Tokyo, New York and London.

Nikko's growth-stock management concentrates on Japan and other Pacific Basin countries.

It is characterized by fundamental research-in-depth using a combination of top-down and bottom-up methods.

It uses a buy and hold approach to growth stocks with high earnings growth rates and relatively low P/E multiples adjusted to potential earning growth rates.

The firm has been registered with the SEC since 1981.

Tetsuya Murakami, senior vice president, is the client contact in New York.

Nomura Capital Management

180 Maiden Lane, Suite 3703, New York, N.Y. 10038; (212) 509-8181

Nomura Capital, a subsidiary of Nomura Investment Management Co., managed U.S. tax-exempt assets of $174 million internationally as of Jan. 1.

Of this, $163 million was invested in foreign stocks. The company has nine U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiary were $2.5 billion as of Jan. 1.

As of March 31, the international equity assets were invested most heavily in Japan.

Analysts or portfolio managers are stationed in Tokyo, Kamakura, Osaka, New York, Singapore, Hong Kong, London and Washington.

Minimum account size for individual management is $5 million.

For investing U.S. tax-exempt assets, the company is equity oriented. The investment horizon is long term. Major emphasis is placed on growth stocks with some exposure to cyclicals. Original research is used extensively for both top-down and bottom-up analyses.

The firm has been registered with the SEC since 1976. The client contact is Brian X. Fitzgibbon, senior vice president, at (212) 668-8629.

The Northern Trust Co.

50 S. LaSalle St., Chicago, Ill. 60675; (312) 630-6000

The Northern Trust Co. managed U.S. tax-exempt assets of $4.9 billion as of Jan. 1. Of that total, $3.9 million was in international markets for one tax-exempt client with $2.1 million in stocks and $1.8 million in bonds.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $13.6 billion as of the beginning of the year.

As of March 31, the equity assets were invested most heavily in Japan, 30%; the United Kingdom, 11%; Germany, 9%; Switzerland, 7%; the Netherlands, 7%; France, 7%; and Italy, 7%.

Minimum account size for individual management is $100,000.

Analysts or portfolio managers are stationed in Geneva and Chicago.

For investing U.S. tax-exempt assets, the firm uses extensive analysis of economies, currencies, financial markets and individual companies. It seeks to maximize returns consistent with an acceptable level of risk. The firm is registered with the SEC.

The client contact is Thomas Kimen, senior vice president.

p

Paribas Becker Asset Management Inc.

120 Wall St., New York, N.Y. 10005; (212) 747-4603

Paribas Becker Asset Management is a new investment management firm. It has no U.S. tax-exempt clients yet.

Its parents, Banque Paribas and Becker Paribas had total assets of $2 billion under management as of Jan. 1.

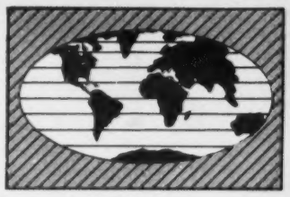
As of March 31, those assets were committed most heavily in the United States 46%; Japan, 19%; the United Kingdom, 10%; West Germany, 5%; and Singapore, 4%.

Minimum account size for individual management is $2 million.

The firm has portfolio managers or analysts stationed in Paris, New York and Geneva.

The firm actively moves assets among markets, currencies and asset types to take advantage of differing market opportunities. Relative weightings in each market are made on the basis of forecasted rates of return for equities, bonds, cash and other investment alternatives.

These forecasts are made after studying economic, currency, political, industry and company trends as



well as technical market considerations at any given time.

The firm is registered with the SEC.

The client contacts are Anthony Wilson in Chicago at (312) 630-5609 and Denis R. Bastin in New York at (212) 747-4593.

Alan Patricof Associates

545 Madison Ave., New York, N.Y. 10022; (212) 753-6300

Alan Patricof Associates had $4.2 million invested internationally for six U.S. tax-exempt clients as of Jan. 1. All of it was in venture capital.

Total U.S. and non-U.S. assets

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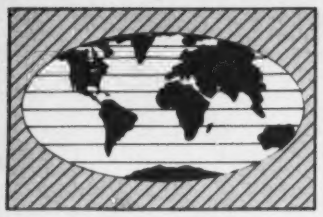


under management by the firm were $230 million at the start of the year. Analysts or portfolio managers are stationed in New York, California, London and Paris.

As of March 31, the international equity assets were invested most heavily in England and France.

For investing U.S. tax-exempt assets, the firm manages funds in the venture capital area, operating seven closed-end pools in the United States, United Kingdom and France. Each pool contains the funds from pension accounts in all countries involved.

The client contact is Alan J. Patricof, chairman.

Rowe Price-Fleming International Inc.

100 E. Pratt St., Baltimore, Md. 21202; (301) 547-2141

Rowe Price-Fleming International Inc., a joint venture between Robert Flemings Holdings Ltd. and T. Rowe Price Associates, managed U.S. tax-exempt assets of $607 million internationally as of Jan. 1. Of this amount, $576 million was invested in foreign stocks and $31 million was in cash. The company has 22 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets of both parent organizations and subsidiaries were $31 billion as of the start of the year.

As of March 31, the international equity assets were invested most heavily in Japan, 51%; the United Kingdom, 10%; the Netherlands, 8%; Germany, 6%; Hong Kong, 5%; and Switzerland, 4%.

Analysts or portfolio managers are stationed in London, with research offices in Tokyo, Hong Kong, Melbourne, Singapore, Kuala Lumpur and Manila.

Minimum account size for individual management is $10 million.

Rowe Price-Fleming International's investment approach is one of active asset allocation based on fundamental research. The firm believes economic growth will be the principal source of return in international investing and it emphasizes stock selection to capture this. Research commitment in the Far East is strong, reflecting the favorable growth prospects there.

The firm has been registered with the SEC since 1979.

The client contact is David M. Gong, vice president, at (301) 547-2130.

The Prudential Insurance Co. of America

Prudential Plaza, Newark, N.J. 07101; (201) 877-3735

Prudential Insurance managed U.S. tax-exempt assets of $338 million internationally as of Jan. 1. Of this, $263 million was invested in foreign stocks and $75 million in international bonds. The company has 14 U.S. tax-exempt clients for whom it invests internationally.

U.S. and non-U.S. assets under management by the parent organization and subsidiaries totaled $74 billion at the beginning of the year.

As of March 31, the firm's international equity assets were committed most heavily in Japan, 42%; the United Kingdom, 17%; Germany, 9%; Australia, 9%; and the Netherlands, 7%.

Analysts or portfolio managers are stationed in Newark and Tokyo.

Minimum account size for individual management is $25 million over five years.

Prudential's approach to international investment follows a structured decision-making process, taking into account controlled risk characteristics. It incorporates fundamental and technical analysis of the foreign exchange markets, as well as stock and bond markets.

The company has been registered with the SEC since 1976.

James H. Gately is the client contact.

Putnam International Advisors

1 Post Office Square, Boston, Mass. 02109; (617) 292-1232

Putnam International Advisors managed $508 million for 32 U.S. tax-exempt clients as of Jan. 1. Of that, $335 million was invested in foreign stocks and $173 million in foreign bonds.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $11.8 billion as of the beginning of the year.

As of March 31, the equity assets were invested most heavily in Japan, 25%; Germany, 21%; the Netherlands, 10%; the United Kingdom, 8%; and France, 7%.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are in Boston, Tokyo and London.

Putnam's international investment approach is to seek maximum returns while assuming a risk profile in line with the EAFE index. Central to the firm's approach is the combination of qualitative judgments of its professional staff and quantitative management techniques to arrive at a strategy deployment of assets between various countries and cash.

The firm has been registered with the SEC since 1969.

The client contact is Stephen P. Langer, vice president.

r

Robeco International Investment Advisers B.V.

133 Heer Bokelweg, 3032 AD Rotterdam, Netherlands; 10-65-07-11

Robeco International Investment Advisers had no U.S. tax-exempt assets invested as of Jan. 1. Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $6.3 billion as of the same date.

As of March 31, the equity assets were invested most heavily in Japan, 52%; the United Kingdom, 10%; Germany, 8%; the Netherlands, 7%; and Australia 5%.

Minimum account size for individual management is $20 million.

Analysts or portfolio managers are based in Rotterdam.

The company uses a top-down approach. Investment strategy includes the use of gold and currency hedging, and portfolios generally are well-di-

versified both geographically and by sector.

The firm has been registered with the SEC since 1981.

Karel R.E. Schaedtler, in Rotterdam, is the client contact.

L.F. Rothschild, Unterberg, Towbin International Asset Management

Clements House, 14-18 Gresham St., London, EC2V 7JE, England; 01-600-6871

L.F. Rothschild, Unterberg, Towbin International had no U.S. tax-exempt funds or clients as of Jan. 1.

Minimum account size for individual management is $10 million.

Analysts or portfolio managers are stationed in London and New York.

The firm believes dependable long-term perfomance can best be achieved by a focus on a limited number of structurally selected markets and stocks, "Base," with short-term inefficiencies and special situations captured by a "Plus" portfolio. This "Base-Plus" philosophy unites these concepts into one integrated portfolio.

The firm has been registered with the SEC since 1983.

Client contacts are Don Hill in New York, at (212) 425-3300, and Olaf Rogge, in London.

N.M. Rothschild International Asset Management Ltd.

New Court, St. Swithin's Lane, London, EC4P 4DU, England; 01-280-5000

N.M. Rothschild International Asset Management, an affiliate of Rothschild Inc., had U.S. tax-exempt assets of $85 million invested in foreign markets as of Jan. 1. Ot that, $60 million was in non-domestic stocks.

Total U.S. and non-U.S. tax-exempt assets under management by the parent organization and subsidiaries were $8 billion as of the same date.

Analysts or portfolio managers are stationed in London, Zurich, Paris, New York, Singapore, Sydney, Tokyo and Hong Kong.

For investing U.S. tax-exempt assets, N.M. Rothschild's equity approach is to enhance return by currency, market and stock selection based on research in all three areas. For fixed income, the firm assesses currency trends in international markets. It uses internal economic forecasting capability during a 12- to 18-month time frame to provide expected interest rate trends.

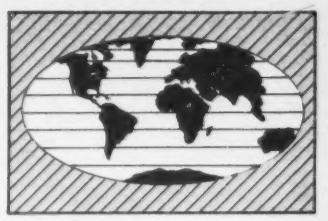
The firm has been registered with the SEC since 1980.

James Heyworth-Dunne is the client contact.

Frank Russell Trust Co.

1912 First Interstate Plaza, Tacoma, Wash. 98402; (206) 572-2282

The Frank Russell Trust Co., a subsidiary of the Frank Russell Co., had $53 million invested internationally for



11 U.S. tax-exempt clients as of Jan. 1.

Total U.S. and non-U.S. tax-exempt assets under management by the parent organization and subsidiaries were $1.1 billion.

All of the assets invested internationally were in stocks as of the beginning of the year.

As of March 31, the countries with the strongest investment commitments were Japan, the United Kingdom, Australia, the Netherlands, Canada, Hong Kong and Singapore.

Frank Russell does not manage the assets itself but uses a diversified group of advisers to provide management services for smaller pension funds. The international advisers for International Fund I are Capital Guardian Trust Co., G.T. Capital Management Inc. and Templeton Investment Counsel. The advisers for International Fund II are Baring International Investment Ltd., Daiwa International Capital Management and Nomura Investment Management Co.

The client contact is Richard A. Lothrop.

S

SBC Portfolio Management International Inc.

1 World Trade Center, Suite 9051, New York, N.Y. 07450; (212) 938-7465

SBC Portfolio International Management Inc., a subsidiary of Swiss Bank Corporation Group, managed $26 million for four U.S. tax-exempt clients as of Jan. 1.

As of March 31, the equity assets were invested most heavily in Japan, 33%; the United Kingdom, 10%; Spain, 10%; Belgium, 9%; and Switzerland, 9%.

The minimum account size for individual management is $1 million.

Analysts or portfolio managers are stationed in Sydney, Singapore, Hong Kong, New York, London, Zurich, Geneva and Basel, Switzerland.

SBC uses a global top-down approach for equities. Country and currency selection precedes industry strategy and stock pricing. Decision-making combines longer-term and shorter-term elements, supplemented by quantitative allocation tools. Stock selection focuses on growth (including smaller-capitalization companies) and value consideration. Minor fixed-income portions are used to obtain incremental returns. The firm uses currency hedging devices.

SBC Portfolio Management International has been registered with the SEC since 1982.

The client contact is Peter J. Morant.

Schroder Capital Management International

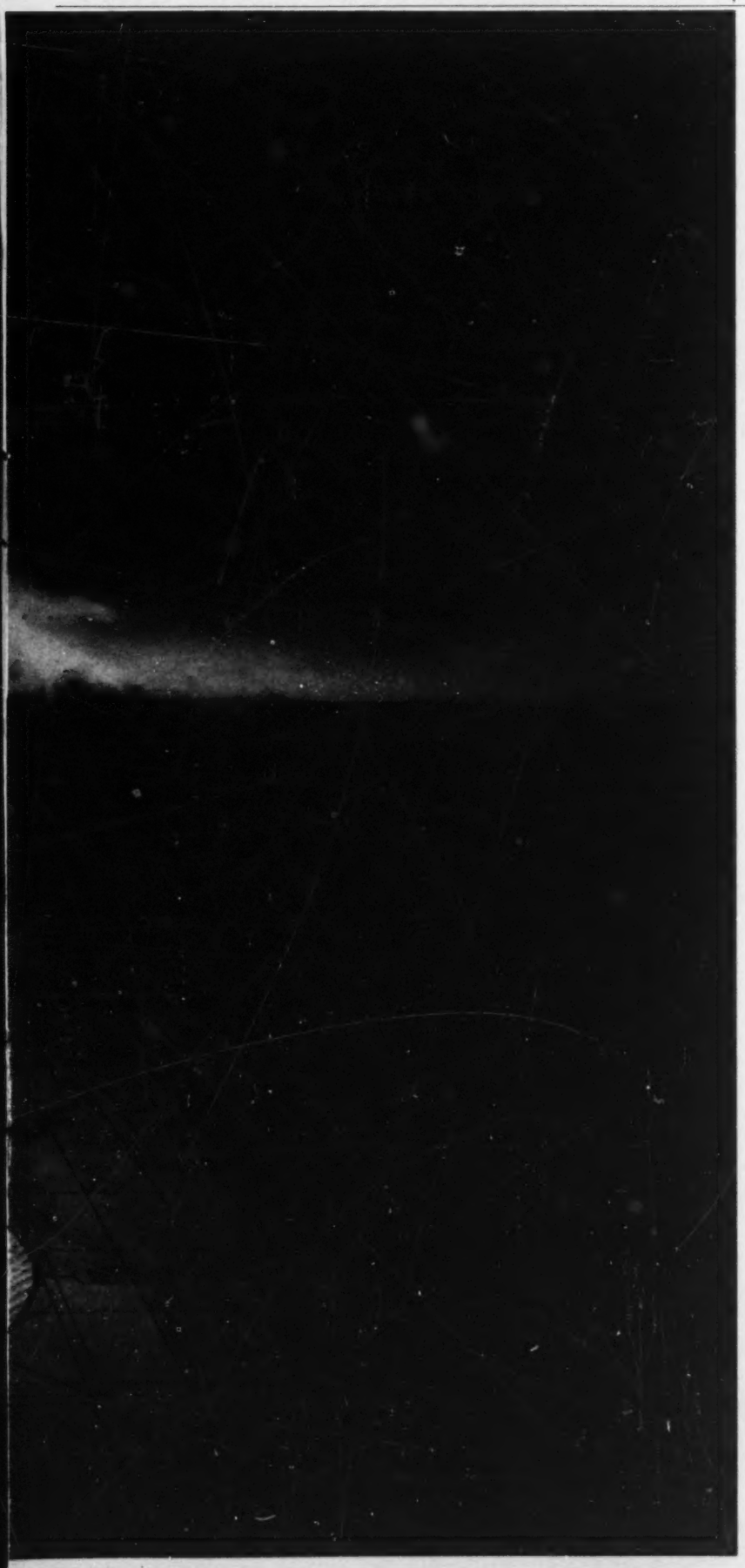
1 State St., New York, N.Y. 10004; (212) 269-6500

Schroder Capital Management International managed U.S. Tax-exempt assets of $200 million for eight clients as of Jan. 1.

Total U.S. and non-U.S. assets under management by the parent and its subsidiaries were $12 billion as of the same date.

As of March 31, the equity assets were invested most heavily in Japan, 41%; the United Kingdom, 23%; the Netherlands, 9%; Germany, 8%; and Switzerland, 7%.

Minimum account size for individual management is $5 million.



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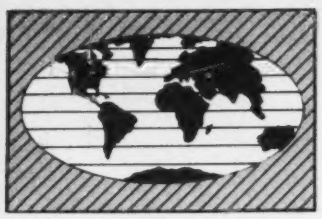

The firm and its parent has analysts or portfolio managers in London, New York, Tokyo, Zurich, Hong Kong, Singapore and Sydney.

For investing U.S. tax-exempt assets the company begins with country allocations, emphasizing stock selection in countries with the best economic prospects. Broad guidelines for country investment are based on two-year economic projections in order to quantify longer-term market opportunities. Within these guidelines, the current asset allocation decision is determined based on shorter term market considerations.

Once country guidelines are established, the firm takes an active and aggressive approach to stock selection. Distinctively emerging growth stocks make up the core of its portfolios. Small to medium companies with an identified sustainable competitive advantage are frequently chosen.

The company has been registered with the SEC since 1980.

The client contact is Sharon Haugh.

JB B

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This announcement appears as a matter of record only.

Schroder, Munchmeyer, Hegst Management GmbH

Friedensstrasse 6-10, 6000 Frankfurt/Main, West Germany; 49-611-2179-256

Schroder, Munchmeyer, Hengst Capital GmbH, the parent company, and its subsidiaries had more than $500 million in total assets under management Jan. 1; however, the firm had no U.S. tax-exempt money invested internationally.

As of March 30, the equity assets of non-U.S. international accounts were weighted most heavily in cash, 38%; Germany, 30%; the United States, 19%; Hong Kong, 5%; and the United Kingdom, 4%.

Analysts or portfolio managers are stationed in Frankfurt.

Schroder, Munchmeyer, Hengst uses a global approach to international investment with emphasis generally on the larger-capitalization markets. Its priorities in structuring portfolios are asset mix, country allocation, group and stock selection and currency, in normal order of importance. The firm concentrates on creating opportunity in international portfolios rather than diversification, and has a rotational investment style.

The firm has been registered with the SEC since 1979.

The client contact is Thomas R. Holmes.

Scudder, Stevens & Clark

345 Park Ave., New York, N.Y. 10154; (212) 350-8396

Scudder, Stevens & Clark managed $147 million in U.S. tax-exempt assets as of Jan. 1. Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $12.3 billion as of that date.

As of March 31, the equity assets were invested most heavily in Japan, 27%; Belgium, 9%; the Netherlands, 9%; the United Kingdom, 9%; and Hong Kong, 8%.

Minimum account size for individual management is $2 million.

Analysts or portfolio managers are stationed in Toronto and New York.

For investing U.S. tax-exempt assets, the firm uses a foundation of research and exploration of investment alternatives whether they are fashionable or not. The company identifies and analyzes the conditions and basic trends of economies, industries and companies.

The firm has been registered with SEC since 1940.

Client contacts are C. Lenef Koontz at (212) 350-8572 and N. Bratt at (212) 350-8396.

State Street Bank & Trust

225 Franklin St., Boston, Mass. 02101; (617) 786-3236

State Street Bank & Trust Co. managed $477 million in U.S. tax-exempt assets internationally as of Jan. 1. The full amount was invested in foreign stocks. The bank has four U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $9.6 billion as of the beginning of the year.

As of March 31, the international equity assets were invested most heavily in Japan, 52%; Germany, 8%; the Netherlands, 4%; the United Kingdom, 20%; and Australia, 5%.

Analysts or portfolio managers are stationed in Boston.

For investing U.S. tax-exempt assets, the bank's approach is flexible, offering a variety of vehicles with varying degrees of active management and risk. The vehicles include a passive index fund of nine markets intended to closely track the EAFE index; a fund indexing the same nine markets, but adjusting allocation according to the bank's own evaluation; and a fund of 25 to 50 undervalued equities of the world's most promising growth companies.

The client contact is Harry Sterling.

t

Teachers Insurance & Annuity Association-College Retirement Equities Fund

730 Third Ave., New York, N.Y. 10017; (212) 916-4000

TIAA-CREF has $1.9 billion invested internationally, of which $1.5 billion is invested in foreign stocks for CREF and $395 million is invested in foreign bonds for TIAA.

The international equity investments for CREF, as of March 31, were most heavily concentrated in Japan, 47.3%; the United Kingdom, 16.1%; Canada, 7.9%; Germany, 6.5%; and Australia, 6%.

TIAA-CREF's international investments are designed to maximize return through diversification of assets and active management.

Henry A. Frantzen, senior vice president and investment manager of CREF, heads international equity investments; J. Daniel Lee Jr., senior vice president, directs TIAA bond investments.

Templeton Investment Counsel

405 Central Ave., P.O. Box 3942, St. Petersburg, Fla. 33731; (813) 823-8712

Templeton Investment managed U.S. tax-exempt assets of $509 million for 38 clients as of Jan. 1.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $3.7 billion as of the start of the year.

As of Dec. 31, 1983, the international equity assets were invested most heavily in Canada, 10%; the Netherlands, 6%; Australia, 4%; and Japan, 2%.

Analysts or portfolio managers are stationed in Fort Lauderdale, Fla., and Nassau, Bahamas.

Minimum account size for individual management is $10 million.

The firm uses fundamental analysis and searches for undervalued securities on a worldwide basis. The approach is long term and flexible as there is no initial country or currency allocation. Portfolios are structured with stocks selected on the basis of relative undervaluation.

Templeton Investment Counsel has been registered with the SEC since 1954.

Client contacts are Ann-Margaret Ulrich, fund management, in St. Petersburg, and Michael Landry, separate accounts, at (305) 764-7390.

Thorndike, Doran, Paine & Lewis/Wellington Management Co.

28 State St., Boston, Mass. 02109; (617) 742-8100

As of Jan. 1, Thorndike, Doran, Paine & Lewis/Wellington Management Co. invested U.S. tax-exempt assets of $51.1 million internationally, of which $50 million was in equities.

Overall, the company managed $5.7 billion in U.S. tax-exempt assets for 191 clients at the beginning of the year.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $12.6 billion at that time.

As of March 31, the equity assets were invested most heavily in Japan, 35%; France, 11%; the Netherlands, 10%; the United Kingdom, 8%; and Hong Kong, 7%.

Minimum account size for individual management is $10 million.

Analysts or portfolio managers are stationed in Boston, Atlanta, Valley

Forge, Pa., and London.

The firm's international equity investment philosophy is that superior long-term results can be achieved by focusing on a carefully selected, diversified and dynamic group of growing foreign companies. It emphasizes timely identification of the best relative values among various foreign companies and markets and periodically repositions the portfolio to take advantage of valuation changes.

Its international fixed-income philosophy is that superior long-term results can be achieved through timely anticipation of interest rate trends in the countries in which the firm invests. The firm attempts to minimize risk by investing the major part of the portfolio in government-backed foreign securities.

The firm has been registered with the SEC since 1960.

The client contact is Jerrold Mitchell, vice president and director-international department.

Touche Remnant Pension Fund Management Ltd.

Mermaid House, 2 Puddle Dock, London, EC4V 3AT, England; 01-236-6565

As of Jan. 1, the firm had one U.S. tax-exempt client with assets of less than $5 million, invested in international equities.

As of the same date, Touche Remnant Holdings Ltd., the parent company, and its subsidiaries managed total assets of $3 billion.

As of March 30, half the international equity assets were concentrated in the United Kingdom, with 24% in the United States; 17% in Japan; 4% in Australia; and 2% in Hong Kong.

Analysts or portfolio managers are stationed in London.

The firm's investment approach for U.S. tax-exempt assets is an equity-oriented, top-down strategy. Security selection is based on in-depth global research with emphasis on financially strong, well-managed growth companies. The firm registered with the SEC in 1982. David H. Carter is the client contact.

Travelers Asset Management International Corp.

122 E. 42nd St., Suite 3506, New York, N.Y. 10017; (212) 867-6233

Travelers Asset Management International Corp., a subsidiary of The Travelers Corp., manages international and domestic fixed-income portfolios. Total assets under management as of March 31 were $850 million.

As of the same date, the firm's assets were invested in the securities of these countries: the United States, 21%; Sweden, 11%; the United Kingdom, 8%; and Japan, 8%.

Analysts or portfolio managers are stationed in New York.

Minimum account size for individual management is $5 million.

Travelers Asset Management International actively manages separate portfolios in international and domestic fixed-income securities. Investment tools have been developed to maximize returns that exceed those obtainable in domestic fixed-income investments alone.

The firm has been registered with the SEC since 1982.

The client contact is Werner R. Genieser, senior vice president.

Travelers Hill Samuel International Ltd.

1 Tower Square, Hartford, Conn. 06115; (203) 277-3772

Travelers Hill Samuel International Ltd. managed $71 million in U.S. tax-exempt assets for 24 clients as of Jan 1. Of the total, $49 million was invested in foreign stocks and $7 million in foreign bonds.

Total U.S. and non-U.S. assets under management by the parents and subsidiaries were $44 billion as of the same date.

As of March 31, the equity assets were committed most heavily in Japan, 32.9%; the United Kingdom, 14.8%; Germany, 10.6%; the Netherlands, 8.5%; and Hong Kong, 4%.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are stationed in London.

The firm's investment approach for U.S. tax-exempt assets emphasizes the appraisal of long-term value for markets and stocks in U.S. dollar terms measured by the the firm's dividend discount model. Shorter term risk and reward are measured by one-year ranges within which prices are expected to fluctuate. Long-term currency value is measured on a purchasing power parity basis.

The firm has been registered with the SEC since 1982.

The client contact is John C. Parish Jr.

V

Van Cleef, Jordan & Wood

230 Park Ave., New York, N.Y. 10169; (212) 986-2600

Van Cleef, Jordan & Wood Inc. managed U.S. tax-exempt assets of $165 million for 12 clients as of Jan. 1. Of the total, $20 million was invested internationally: $16 million in stocks and $4 million in bonds.

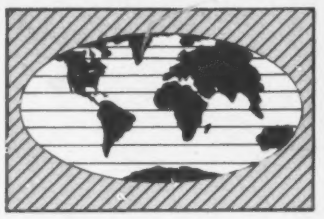
Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were about $273 million at the beginning of the year.

As of March 31, the equity assets were invested most heavily in Japan, 50%; West Germany, 10%; the United Kingdom, 6%; Hong Kong, 6%; and the Netherlands, 5%.

The minimum account size for individual management is $2 million.

Analysts or portfolio managers are stationed in New York City, Troy, N.Y., and Weston, Conn.

For investing U.S. tax-exempt assets, Van Cleef, Jordan & Wood determines interest rate and inflation



rate trends and defines an asset allocation model. It uses top-down and bottom-up approaches to determine upside potential vs. downside risk and the prospective dividend growth to support the stock's valuation.

The firm has been registered with the SEC since 1930.

The client contact is Carl Lawrence.

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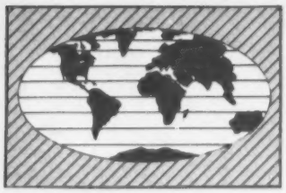

Van Eck Associates International Corp.

122 E. 42nd St., New York, N.Y. 10168; (212) 687-5200

As of Jan. 1, Van Eck Associates International Corp., a subsidiary of Van Eck Management Corp., managed $93 million for one U.S. tax-exempt client.

Total U.S. and non-U.S. tax-exempt assets under management by the parent and its subsidiaries were $768 million as of the same date.

As of March 31, the equity assets were invested most heavily in South Africa, 90%; Canada, 9%; and the United States, 1%.

Minimum account size for individual management is $2 million.

Analysts or portfolio managers are stationed in New York.

The firm and its parent company have $1 billion under management invested in gold mining and global industrial equity and fixed-income securities.

Portfolio composition decisions are based on world business and political conditions, inflationary pressures, foreign exchange relationships and interest rates. The firm believes well-selected gold-mining shares provide a hedge against the inflationary bias of the international and domestic monetary systems. Furthermore, long-term studies indicate gold and gold-mining shares have no correlation with indexes of industrial equities and, therefore, provide optimal investment diversification.

The firm has been registered with the SEC since 1955.

The client contact is Harry J. Bingham.

W

Warburg Investment Management International

499 Park Ave., 15th Floor, New York, N.Y. 10022; (212) 223-2243

Warburg Investment Management International Ltd. managed $208 million for 11 U.S. tax-exempt clients as of Jan. 1.

Of that, $204 million was invested in foreign stocks.

Total U.S. and non-U.S. assets under management by the parent organization — S.G. Warburg & Co. Ltd. — and its subsidiaries were $9.5 billion at the beginning of the year.

As of March 31, the equity assets were invested most heavily in Japan 53%, the Netherlands, 8%; Switzerland, 8%; the United Kingdom, 6%; and Germany, 5%.

The firm has 25 international analysts stationed in London and one in Tokyo, with 30 U.K. market analysts/portfolio managers also located in London.

Warburg Investment Management International believes the way to exploit the opportunities inherent in world stock markets is through a London-based team of investment professionals using an active investment approach that highlights the strategic allocation of funds among international markets, while seeking to add value at the industry/stock selection levels.

The firm has been registered with the SEC since 1976.

The client contact is John G. Townsend.

Wardley Marine International Investment Management

250 Park Ave., New York, N.Y. 10177; (212) 949-5827

Wardley Marine International managed $12 million for one U.S. tax-exempt client as of Jan. 1. Of that, $11 million was invested in foreign stocks and $500,000 in foreign bonds.

Total U.S. and non-U.S. assets under management by the parent organizations and subsidiaries were $5.7 billion at the beginning of the year.

As of March 31, the equity assets were invested most heavily in Japan, 41.6%; the United Kingdom, 12.7%; Germany, 7.2%; Hong Kong, 5.2%; and the Netherlands, 5%.

Minimum account size for indvidual management is $2.5 million.

Analysts or portfolio managers are stationed in New York, London, Tokyo, Hong Kong, Melbourne and Singapore.

The investment approach for U.S. tax-exempt assets is active, top-down and equity oriented with emphasis on the assessment of relative value in one market vs. another. Markets and currencies are weighted regularly.

The firm has been registered with the SEC since 1982.

The client contact is Christopher Bain at (212) 949-5821.

Wells Fargo Investment Advisors

P.O. Box 63029, San Francisco, Calif. 94163; (415) 396-3778

Wells Fargo Investment Advisors had $8 million invested internationally for two U.S. tax-exempt clients as of Jan. 1. All of the assets were invested in foreign stocks.

The highest concentrations of international investments were in Japan, 48%; the United Kingdom, 22%; Germany 9%; Switzerland, 5%; and Australia, 4%.

Minimum separate account size is $50 million.

The firm's international fund for tax-exempt clients is a passively managed collective investment fund designed to provide cost-effective participation in the returns of a broad group of foreign equity markets and to reduce the risk of the total equity portfolio.

Thomas A. Middleton, vice president and managing director of client relations and marketing, is the client contact.

Wertheim-Philippe International

230 Park Ave., New York, N.Y. 10169; (212) 370-6130

Wertheim-Philippe International is a joint venture of Wertheim Asset Management Services Inc. and Philippe Group of Paris.

The company has no U.S. tax-exempt clients. Total U.S. and non-U.S. assets under management by both parent organizations and subsidiaries were $265 million as of Jan. 1.

As of March 31, the equity assets were invested most heavily in the United States, 47%; Japan, 16%; Great Britain, 7%; South Africa, 7%; and the Netherlands, 5%.

Analysts or portfolio managers are stationed in Paris, New York and Luxembourg.

Minimum account size for individual management is $5 million.

The firm's approach to investment is top-down. A key factor in achieving a balanced portfolio is diversification of investments among many countries and sectors. Currency and interest rate considerations affect the various markets. At times, the firm invests for a short period in fixed-income securities. The firm pays attention to a country's political climate.

The firm has been registered with the SEC since 1982.

The client contact is Deborah G. George.

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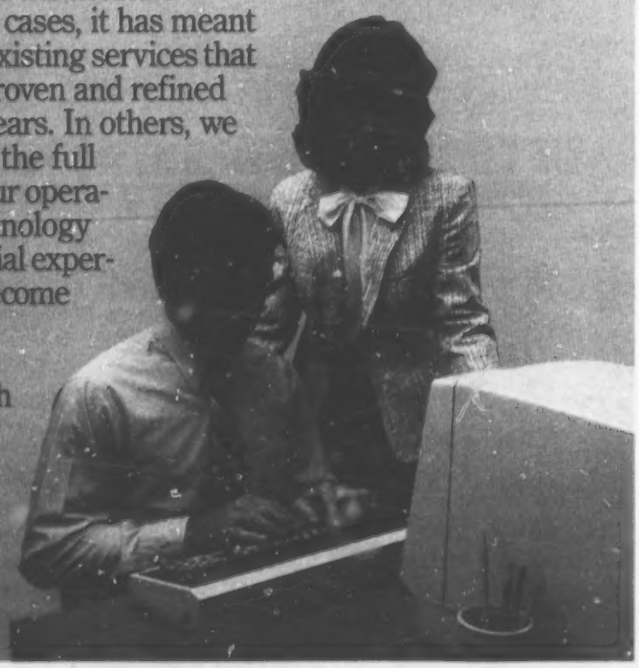

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Sally Duros
Assistant copy editor
740 N. Rush St.
Chicago, Ill. 60611
(312) 649-5484

Deregulation eases . . .

Continued from page 26

volume on the exchange have resulted in an overall drop of 25% in commission revenues, she added.

In the Australian market, totally unfixed commissions were introduced last April, according to Mr. Bain, who also is chairman of Bain & Co., one of Australia's largest brokers.

Previously, there had been a scaled rate of 2½% for the first $5,000 in transactions and 0.5% for more than $500,000 in transactions, he said.

On the London Stock Exchange, some fixed commission reductions also were enacted last April, such as a 12% to 20% cut in commission for trades of more than $350,000 in British government securities or gilts.

Other changes should follow by autumn, according to the exchange.

What these reduced rates mean to U.S. pension sponsors seeking international investment capability is access to these markets that is cheaper, less complicated and more direct, explained Peter Davidson, partner at W. Greenwell & Co., the largest fixed-income broker in the United Kingdom. It is thought commissions in the United Kingdom should be reduced by as much as 30% from the present rate.

Another byproduct of deregulation is "it should be easier for the U.S. ERISA funds to deal (in the markets) because they will have access to a centralized market, whereas with the present (U.K.) system, one must go through a broker to get to the market," Mr. Davidson explained.

Under the current British system, there are distinct separations among stock market functions.

Merchant banks offer institutions investment advice, brokers (agents) buy or sell securities to the customers of the merchant bankers, and "jobbers" make markets in securities to buy or sell issues to brokers, said Mr. Davidson.

"These wholesale (market makers) and retail (brokers and merchant bankers) functions will disappear as entities and become one," he reasoned.

In Australia, brokers always have been able to do business on the floor of the exchange, making markets in securities and selling directly to customers. But merchant banks and stockbrokers were not allowed to incorporate.

Last April, Australia made it legal for brokering houses to issue up to 50% of their voting shares to non-members of the stock exchange and to incorporate, among other things, said Mr. Bain.

In Canada, banks were allowed to offer discount brokerage services to customers in October 1983, said Ms. Urquhart of the Toronto exchange.

But that discount service must be performed on the exchange floor by a discount broker. It is illegal for Canadian banks to perform brokerage functions, she explained.

Further deregulation of the Canadian system is the subject of much debate and study, she added.

Blurring of distinctions between the separate market functions will mark the beginning of regional consolidation of financial services institutions, according to experts. This, in turn, will set off a round of mergers between merchant banks and brokerage firms in Britain and possibly in Australia, they say.

One of the initial requirements of this change will be that firms getting into making markets for the first time will need large infusions of capital. That need will create its own special problems.

"If we move to a system of combining the principal with the agent, then to be principals we'll need capital," said Charles Smedley, partner at James Capel & Co., one of the largest British brokerage firms.

"It is already happening that firms are linking up with larger entities for more capital," said Mr. Smedley. The James Capel group of companies is aiming to open a New York office this summer. Its main thrust will be to market the international research product for which it is respected in England and among international investors.

In Australia, similar forces are at work, explained Douglas Little, president of Bain & Co.'s New York office, Bain Securities Inc. "Brokers are selling equity to outside buyers to increase their capital bases.

"They have been offering it especially to financial institutions to fund what they perceive as increased capital requirements for block trading."

Bain & Co. is pitching its Australian brokerage services in the United States and marketing its research product to American pension funds, Mr. Little added.

"In Canada, there have been mergers within the securities industry itself, due to a desire to become more internationally oriented and to expand their capital bases," said the Toronto Exchange's Ms. Urquhart.

American firms have been eyeing possible liaisons with British and Australian brokers for some time, according to participants.

These interests dovetail with the current environment to produce another byproduct of deregulation.

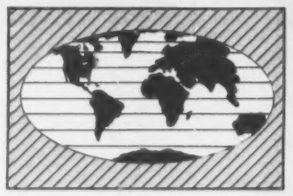
As Mr. Bain put it, "the movement toward the internationalization of financial markets will accelerate."

Deregulation gives foreign firms the opportunity to buy as much as 15% of the equity of Australian exchange members, he said.

Likewise in the United Kingdom, U.S. firms eventually will be allowed to become exchange members and compete side by side with their British counterparts.

A further result of consolidation of market functions will be to enhance the capitalization of both the British and Australian markets.

In the United Kingdom, "deregulation is attracting more capital into the industry and that will lead to greater liquidity in the markets," said Richard Watkins, resident director of Phillips & Drew International Ltd. in New York. Phillips & Drew stands among the United Kingdom's brokerage giants. ■



Top 10 firms in terms of increase in international assets
($ millions)

Firms	Total assets (1983)	Total assets (1982)	increase
Frank Russell Trust	$ 53	$ 5	960%
Bailard	40	6	560
Kemper	175	30	483
Nikko International	74	13	469
Grantham	153	34	350
Prudential	338	90	276
Baring International	225	65	246
Capital Guardian	475	150	216
Fidelity International	725	230	215
ABD International	160	55	190

Global view . . .

Continued from page 26

he explained.

"For us to hire a manager to put money into domestic and international doesn't make sense. The reason one is in international is to keep the money separate," he reasoned.

The Oregon fund recently divided $42 million among four international managers — ABD International Management Corp., Rowe-Price Fleming International Inc., Globe Finlay Inc. and Daiwa International Capital Management Co.

Many plan sponsors suspect that it is too much to expect a money manager to have a tight grasp on all world markets at once.

"Up to this point, most U.S. managers have no international expertise, and people with international expertise that a sponsor would hire, really are international managers, many based outside the United States," explained Mr. George.

"Why hire a guy in London or Edinburg to invest in New York?" he asked.

While, William F. Quinn, assistant treasurer for American Airlines, agrees that global investment could be a trend in the future, he sees it on the horizon in three to 10 years, rather than in one to three years.

"Domestic managers as a rule haven't had sufficient experience in international markets to get their feet wet, and it will take time," he said.

American Airlines, with $2 billion in total employee benefit assets, has $113 million in international investments, said Mr. Quinn.

Some money managers share the plan sponsors' concerns that advisers aren't up to snuff on a global scale yet.

"Not a whole lot of money managers are organized to manage global money. There are U.S. managers and non-U.S. managers but not many global ones." said Capital Research's Mr. Fisher.

The real challenge is to integrate U.S. and non-U.S. expertise," he said. ■

A cash management directory, to be published July 23, will detail banks, service networks and consultants.

y

Yamaichi Capital Management Inc.
1 World Trade Center, Suite 5361, New York, N.Y. 10048; (212) 432-6600

As of Jan. 1, Yamaichi Capital Management Inc. invested $38.9 million in foreign markets for three U.S. tax-exempt clients.

All of the assets were placed in Japan, with $34 million in equities and $4.9 million in cash and cash equivalents.

The firm also had $19.9 million in Canadian tax-exempt assets placed in foreign markets.

Total U.S. and non-U.S. assets under management by the parent organization and its subsidiaries were $365 million.

Minimum account size for individual management is $2 million.

Analysts are stationed in Tokyo, Osaka and Nagoya, Japan; Hong Kong; New York; and London. Portfolio managers are located in Tokyo and New York.

The firm's approach emphasizes stable fund growth and investment returns. It stresses research, top-down selection and active/flexible management.

The firm has been registered with the SEC since 1981.

Iwao Hasegawa is the client contact at (212) 432-6635.

Better data, new clients

Japan draws U.S. firms

By James S. Altshul

TOKYO — A small number of American money managers have established a presence in Tokyo to service their U.S. clients with Japanese investment information, and some have begun to attract Japanese clients.

Two of the American firms — Fidelity International Investment Management Inc., Boston, and Morgan Guaranty Trust Co. of New York — have placed more than $1 billion in Japan.

In addition, Morgan's investment advisory services have attracted some Japanese clients, and Putnam International Advisors, Boston, might be on the verge of doing so. Also, sales of Fidelity's mutual funds in Japan have been brisk.

Six U.S. fund managers are represented in one way or another in Tokyo. Fidelity, Capital Research & Management Co., Los Angeles, and Putnam maintain representative offices.

Morgan Guaranty's trust and investment division has an office across the street from Morgan's Tokyo branch.

T. Rowe Price Associates, Baltimore, which has a joint venture with Robert Flemings Holdings Ltd. — Rowe Price-Fleming International Inc. — has stationed one staffer at Jardine Fleming's Tokyo branch.

One officer at Bankers Trust Co.'s Tokyo branch provides investment research for the bank's trust department.

(The ranks of British investment managers in Japan, however, are far larger than those of the Americans, and some of them are marketing their expertise to U.S. pension sponsors.)

Research constitutes the principal, if not the sole, activity of all the Tokyo representative offices of U.S. managers.

They do not place orders in Tokyo. Japanese law makes investment management the exclusive preserve of the seven trust banks and 22 life insurance companies. Consequently, all foreign managers must carry out the actual transactions abroad.

The representatives agree the interest of their U.S. clients in Japanese equities is growing steadily.

"For most of our clients, investing abroad means investing in Japan. They come to Japan and they get very excited," said Hartmut Giesecke, senior vice president and chief representative of Capital Research.

Richard G.P. Carss, vice president and regional investment head at Morgan Guaranty, said the Pacific Basin is the area in which growth is anticipated. If a U.S. pension fund is venturing offshore, it's a fairly good bet the fund will send a sizable chunk of the money it invests overseas to Asia.

All the managers represented in Tokyo have placed substantial sums in Japan. Masa Izumi, director of marketing at Fidelity International (Japan), said Fidelity International now has more than 300 billion yen ($1.3 billion) invested in Japan, together with more than 100 billion yen ($450 million) invested by Fidelity's domestic unit, mostly in the form of American depository receipts.

Japanese securities represent the bulk of the roughly $1 billion worth of equities and all of the approximately $250 million worth of bonds that Morgan has bought in Asia for its clients.

Capital Research's position in Japan, at about $500 million, has doubled in the past year. Putnam has placed $150 million in Japan, but is reducing its exposure.

The American managers have begun to attract Japanese clients because of their presumed expertise in U.S. securities, and even for their Japanese research.

Morgan provides investment advice to some Japanese financial institutions.

The Japanese are prohibited by law from handing over funds to foreigners for management, but they may receive portfolio advice from foreigners.

Sales of foreign mutual funds in Japan have been growing steadily. Fidelity has been the most active, with Mr. Izumi working full-time marketing.

Japanese investors now have 90 billion yen (slightly less than $400 million) invested in Fidelity mutual funds.

Several small and medium-sized Japanese brokers are promoting Fidelity funds, including a few that invest largely or almost exclusively in Japan.

Mr. Izumi explained these funds are very popular with Japanese investors because they have far outperformed the mutual funds managed by the big four Japanese securities companies.

Getting approval to sell a foreign mutual fund in Japan is not easy, however.

The fund must meet 19 selective standards imposed by the the Ministry of Finance.

James Altshul is a free-lance writer.

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Pensions & Investment Age

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Canadian firms listed this issue

Pensions & Investment Age's annual directory of Canadian investment advisers begins on page 21 of this issue.

Sixty trust companies, insurance companies and money management firms are listed.

Air courier's plan funding taking off

By Barry B. Burr

MEMPHIS, Tenn. — Federal Express Corp. is increasing its pension fund contribution dramatically at a time when many sponsors are decreasing theirs.

The plan, which was begun in 1978, has about $60 million in assets.

Contributions jumped to $18.7 million in 1983, from $13.5 million in 1982 and $9.5 million in 1981. "Our contribution probably will have a big leap" in 1984 as well, said Jeffrey O. Drinan, manager of trust investments since January.

He estimates the 1984 contribution, to be made in February, will be $22.4 million, almost a 250% rise in three years.

By comparison, Federal Express reported earnings of $86.7 million for the first nine months of its fiscal year, ended Feb. 29. (It will report fiscal 1984 earnings in mid-July.) For its fiscal year ended May 31, 1983, it recorded earnings of $88.9 million.

The rising contributions are contrary to a trend at many other corporations, where contributions have been sliced mainly because of the high returns on pension investments during the past few years (*Pensions & Investment Age*, May 14). Decreases are more common among older, mature plans than in newer ones like Federal Express'.

Continud on page 43

In-state firms get edge in bidding process

Oklahoma funds cut off advisers

By Fred Williams

OKLAHOMA CITY — State pension funds in Oklahoma have terminated their out-of-state investment managers, trying to satisfy an apparent bias by the state central purchasing office toward Oklahoma managers.

The decision to fire four non-Oklahoma managers and give $243 million in pension assets to in-state managers and banks was prompted by a state attorney general's opinion last year. That opinion requires public funds to use a competitive bidding process to select managers (*Pensions & Investment Age*, Aug. 22, 1983).

The state's five public funds have total assets of about $1.8 billion, none of which likely will go to non-Oklahoma managers in the future, sources say.

Some public pension fund executives are unhappy with the situation. They claim the policy effectively removes some of the fiduciary responsibilities associated with managing their funds, and places it in the Department of Public Affairs, the state's purchasing department.

The Oklahoma Law Enforcement Retirement System, Oklahoma Firefighters Pension and Retirement Fund and the Oklahoma Police Retirement System all terminated their out-of-state managers when their contracts expired July 1.

The funds replaced them with Oklahoma managers selected through the new bidding process.

The other two state public funds — the Oklahoma Teachers' Retirement System and the Oklahoma Public Employees Retirement System — had no out-of-state managers.

"We prefer to have Oklahoma managers" although those from other locations are considered, said Jerry McDonald, the buyer in the

Continued on page 43

Oklahoma City: Oklahoma pension funds are hiring in-state money managers over out-of-state firms

Wisconsin board taking big equity bites

By Chuck Paustian

MADISON, Wis. — The $8.5 billion Wisconsin State Board of Investment recently purchased at least 5% of the common stock of six companies.

Kenneth E. Codlin, executive director, said the investment board is attempting to improve its performance results and increase its stock universe by looking at some companies it had not considered previously.

"We are such a large fund, we need to buy a large portion to make a noticeable difference in our portfolio," said Mr. Codlin.

Since May 17, the board has purchased 679,000 shares in Consolidated Freightways Inc., or 5% of the company's outstanding shares; 84,000 shares in First Financial Corp., 5.1%; 203,000 shares in Materials Research Corp., 5.%; 358,000 shares in Wolverine World Wide Inc., 5%; 734,000 shares in Interco Inc., 5%; and 376,000 shares in Ryan Homes Inc., 5.5%.

Mr. Codlin said although there is no state statute that limits investment in any one company, the board does follow a self-imposed guideline.

"In no case, would we ever go beyond 10% (of one company) and usually not even close to that. Generally, we wouldn't exceed 5%," Mr. Codlin said.

He added that generally, no single holding can go beyond 2% of the fund's total assets.

Public funds tend to be conservative on the extent to which they invest in a company, remaining in lower percentage holdings, said Peter Grant, vice president of Towers, Perrin, Forster and Crosby Inc., an actuarial consulting firm in Chicago.

However, Mr. Grant pointed out a minimum purchase requirement (the minimum a fund invests to make the purchase worthwhile) is not out of the ordinary.

Howard J. Bicker, executive director for the Minnesota State Board of Investment, said buying such substantial holdings in a company could lead to lower diversification and reduced liquidity. Mr. Bicker, however, added his confidence in the Wisconsin board, and pointed out it could be a favorable situation.

Mr. Codlin pointed out that in Wisconsin's case, the board actually is increasing its portfolio diversification: "We are trying to increase our diversification by increasing the number of stocks we look at."

Mr. Codlin did concede reduced liquidity could be a problem, saying, "that's why we are being very cautious about this." ■

Madison, Wis.

Late news

Fund names director

HARRISBURG, Pa. — James Perry, acting executive director for the $6.3 billion Pennsylvania Public School Employees' Retirement System, was appointed formally to the spot. Clay Mansfield was hired as investment administrator.

PBGC hires 3 firms

WASHINGTON — The Pension

Continued on page 2

Peter Vermilye

Speculation heightens in 'Son of Peter' search

By Marci Baker and Rose Darby

NEW YORK — The naming of John Reed as chairman and chief executive officer of Citicorp has ignited speculation on another key question: Who will replace Peter Vermilye as chief investment officer of the bank's $36 billion Citicorp Investment Management unit.

Mr. Vermilye, senior vice president and chief investment officer, is due to retire after he turns 65 in January.

One name that has surfaced continually in the "Son of Peter" search, as some have dubbed it, is that of Robert Wade Jr., chief investment officer for BA Investment Management Corp. in San Francisco.

Some say a top investment executive at a New York firm also is being considered, but Mr. Wade appears to be No. 1, sources say.

Mr. Wade would not respond to telephone calls regarding the possibility of a move to Citicorp.

Not surprisingly, Citi-

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REIT partnerships draw fund money

By Mark Westerbeck

BOSTON — About 10 pension funds and endowments invested in limited partnerships in one of the few real estate investment trusts to solicit institutional money.

Some of the limited partners also are shareholders in the REIT, Property Capital Trust. As a result, said Robert M. Armstrong, Property Capital senior vice president and treasurer, they are "playing it two ways — buying into the commingled pool and taking a specific equity interest."

Real estate

Pension fund investors with dual commitments are those of the World Bank and the Massachusetts Institute of Technology's staff. Other repeat investors include endowments at Harvard University and MIT and the Carnegie Foundation and Employers Insurance of Wausau.

The Mormon Church foundation, the Stanford University endowment, the Memorial Drive Trust (the pension fund for the Cambridge, Mass., international consulting firm Arthur D. Little Inc.) and the Bernice Pauhli Bishop Estate, whose family has been one of Hawaii's most prominent landowners, are limited partners.

The REIT closed two of its four partnerships on specific properties last month.

The two new partnerships are PCA Phoenix Associates, a $30 million investment in the first phase of a Phoenix office complex, and PCA Southwest Associates, a $22 million equity investment in 3,000 Houston garden apartment units that came with $29 million of mortgage financing.

In all four partnerships, Property Capital is the general partner, with a substantial stake in the investment.

Some investors have been involved in each of the partnerships. Some have not, simply because their managers dislike specific property types, Mr. Armstrong said.

He said investors typically can expect a 10% real return from the partnerships, although the Houston garden apartment deal should perform better than that.

In the Phoenix Associates project, the trust invested $10 million, with the balance from endowments, pension funds and foundations. The investment is in Phase I of the Central Park Square office building complex, consisting of a 234,000-square-foot, 12-story office tower and a 790-car garage. Construction began in December, and is expected to be completed late this year. The partnership will begin funding its capital after the turn of the year.

Robert M. Melzer, president of Property Capital, said leasing commitments are in hand for more than a third of the building. The partnership holds a right of first refusal on Phase II, an adjoining of-

Continued on page 45

Central Park Square office building complex: The trust invested $10 million, with the balance from endowments, pension funds and foundations in Phase I of this project

First Church hires outside management

By Rose Darby

BOSTON — The First Church of Christ, Scientist, with about $200 million in tax-exempt assets, hired eight money managers and a master trustee in a move away from in-house management.

John Roy, assistant treasurer, said four managers were hired to run 80% of the assets.

They are BEA Associates in New York, which will manage a fixed-income account; Equitable Investment Management in New York, a balanced account; Templeton Investment Counsel in Fort Lauderdale, Fla., global equity; and Rollert & Sullivan Inc. of Boston, equities.

The remaining 20% will be divided among four specialty managers: Morgan Grenfell Investment Services in New York, international equities; Hambrecht & Quist Equity Management of San Francisco, high-technology, emerging growth stocks; Johnson, Valliant and Broadfoot Inc. of Baltimore, emerging growth stocks; and Paula D. Hughes of Thomson McKinnon Securities Inc. in New York, equities.

State Street Bank & Trust of Bos-

Continued on page 45

Splits $41 million among 4 funds

Washington hikes venture capital

By Steve Hemmerick

OLYMPIA, Wash. — The Washington State Investment Board has invested $41 million in four venture capital limited partnership funds, hoping to get good values as a result of the dampened interest among some investors in high-technology companies.

The funds and the amounts invested are: Menlo Ventures III, Menlo Park, Calif., $20 million; Brentwood Associates IV, Los Angeles, $15 million; Paragon Partners, Menlo Park, $4 million; and Pierce Nordquist Partners, Seattle, $2 million.

John Hitchman, executive director of the investment board, said one of the investments, in the Pierce Nordquist fund, was made in part because of the fund's unique approach to high-temperature ceramics. He added that investments in all cases primarily were because of the experience of the managers.

Clare Nordquist, one of the Pierce Nordquist partners, has spent 25 years with the Coors Porcelain Co., a wholly owned subsidiary of Adolph Coors Co., a company best known for its beer. At Coors Porcelain, Mr. Nordquist was group vice president for electronic ceramic packaging materials, said Jim Pierce, also a partner of Pierce Nordquist.

An adviser to the Pierce Nordquist fund is James Mueller, now a professor at the University of Washington in Seattle, but formerly head of the ceramic tile project for the National Aeronautics and Space Administration space shuttles.

Mr. Pierce said work with ceramics is being done on ceramic automobile engines in Japan and Germany, and also in medical technology, such as for tooth and bone replacements.

Overall, said Mr. Hitchman, venture capital as an investment area is having some difficulty now because of an enormous retrenchment in value of high-technology companies. In some instances, he said, venture capitalists are seeing "a little bit of the dark side of the moon."

But, he said, this is an opportune time for additional venture capital financings "at good reasonable security prices. There is a lot of opportunity."

However, he said some people are passing up that opportunity: "People get a little bit shy."

While a relatively small percentage, only 2.5%, of the $5 billion state system is invested in venture capital, the pension fund has "a lot of the actual dollars invested," he said, because of the fund's huge size.

This is the third year the state fund has invested in venture capital. Mr. Hitchman said the board believes it is an important area.

He said political and economic conditions continue to favor venture capital-type investments. There is an enormous amount of activity in venture capital, not just in computers but in other areas as well, Mr. Hitchman said.

Some of these venture capital companies, he said, "are going to be major factors down the road. It is an area with bright people and bright ideas."

Yet the state board believes it has reached its limit, for now, in venture capital investment by the pen-

Continued on page 45

Late news

Continued from page 1

Benefit Guaranty Corp. soon will issue contracts for three new investment managers.

None of the managers, Lazard Freres Asset Management of New York, Lehman Management of New York and InterFirst Investment Management of Dallas, was funded.

A PBGC spokeswoman said the hirings establish "a relationship between the corporation and the money manager."

Idaho adds agents

BOISE, Idaho — The Idaho Public Employee Retirement System added two new funding agents to a team of six already handling its $660 million pension fund.

Captal Trust Co., Portland, Ore., and E.F. Hutton Trust Co., New York, each will control about $30 million, said Robert Venn, executive director.

In addition, existing funding agent Idaho Bank & Trust hired Century Capital Associates, New York, and Eaton & Howard, Vance Sanders Inc., Boston, to each manage about $42 million in assets, for which it is funding agent.

Under state law, the public employee pension fund must be allocated to "funding agents," which have trustee and investment responsibility over the assets.

DOL proposal

WASHINGTON — Pension funds would be able to enter into repurchase agreements with listed dealers in bankers acceptances under a proposed expansion of a Department of Labor class exemption.

Listed dealers report their positions daily to the Federal Reserve Bank of New York.

Over-65 rule ordered

WASHINGTON — The Equal Employment Opportunity Commission ordered its staff to develop a rule requiring that pension credits accrue for workers from ages 65 through 69.

Firms join forces

BOSTON — Oppenheimer Holdings Inc., New York, and Victor Palmieri & Co., Washington, are offering a limited partnership that invests in financially troubled firms.

Beacon Hill Financial Corp., Boston, is marketing the Oppenheimer-Palmieri Workout Fund to large pension funds.

Money movers . . .

• SEATTLE — Boeing Co. has brought in Eberstadt Asset Management, New York, as a fixed-income manager for its roughly $3 billion pension plan. The firm reportedly has been given in excess of $20 million to run in a high-yield bond account.

• PHILADELPHIA — The Board of Pensions of the Presbyterian Church has begun funding a $25 million commitment to CIGNA Capital Advisers' Fund S, a closed-end pool for non-ERISA plans. The allocation by the $864 million church fund is the first to equity real estate.

• NEW YORK — Colgate-Palmolive Co., with about $700 million in employee benefit assets, selected Chase Manhattan Bank as its first master trustee, said Thomas Volpe, vice president-treasurer.

• MINNEAPOLIS — The McKnight Foundation, with assets of more than $500 million, has committed up to $10 million to Coldwell Banker's eighth closed-end equity fund.

• SAN FRANCISCO — The DiGiorgio Corp. has chosen Mellon Bank, Pittsburgh, as master trustee for its $30 million in employee benefit assets.

Mellon Bank replaces Bank of America, San Francisco.

• NILES, Ohio — RMI Co. hired Connecticut General Life Insurance Co., Hartford, Conn., a CIGNA company, to manage its pension fund assets of more than $24 million, replacing Chemical Bank of New York.

• NEW ORLEANS — Petroleum Helicopters Inc. tapped Republic-Bank Dallas as balanced manager for its $10 million profit-sharing program, and to administer its $2 million employee stock ownership plan.

Hibernia National Bank, New Orleans, was dropped.

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Canadian DIRECTORY

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Advisers find many doors closed

Plans pull assets in-house

By Barry B. Burr

OTTAWA — Six years ago, all the pension assets of the Canadian Broadcasting Corp. were run by outside money managers.

Now, only 5% of the assets are.

In 1978, CBC brought 85% of the fund's assets in-house. In 1982, it brought another 10% in-house.

"When you reach a certain size, it's a lot more cost effective to manage money in-house," said Jerome Lapointe, CBC pension fund manager.

The CBC's $877 million in assets now rank as the 13th largest among corporate and public funds in Canada.

Other large funds also are managing more money internally.

"That's the tendency in Canada, to go more and more in-house," Mr. Lapointe said.

There are no precise statistics available on the trend. But Pension Finance Associates Ltd. recently surveyed pension funds whose assets totaled $47 billion. The Toronto-based consultant found 44% of the assets were managed internally.

D. Don Ezra, principal, qualified the findings, noting the large funds in the survey using in-house management might have skewed the results.

Regardless of the precise percentage, many funds in Canada manage all or a large part of their pension assets internally, foreclosing much of the pension market to money management firms.

The 20 largest funds in Canada have about $29 billion, accounting for 36% of the approximately $80 billion in trusteed pension assets, according to Statistics Canada, a government agency.

The PFA survey found 56% of the pension assets in the funds surveyed were managed outside: 27% by investment counseling firms; 15% by insurance companies; and 14% by trust companies.

Of the 20 largest pension funds in Canada, 16 manage most of their assets in-house. Canadian National Railway, the largest fund with $3.8 billion in assets, manages 93% internally.

The other funds, ranking from second in size with $3.5 billion in assets to 20th with $552 million, are:

Ontario Municipal Employees Retirement System, 90% managed internally; Bell Canada Ltd., 100%; Hospital of Ontario Pension Fund, 100%; Ontario Hydro, 100%; Canadian Pacific Ltd., 100%; Air Canada, 85%; Hydro-Quebec, 100%; General Motors of Canada, none; Aluminum Co. of Canada, none; Imperial Oil Ltd., 70%; Royal Bank of Canada, 100%; CBC, 95%; Stelco Inc., 5%; Northern Telecom Ltd., 90%; Inco Ltd., 85%; Ford Motor Co. of Canada, none; Canadian Imperial Bank of Commerce, 100%; Shell Canada, 50%; and Bank of Montreal, 70%.

Jerome Lapointe

In interviews, several fund officials explained their preference for internal money management by saying, not surprisingly, they believe they could run money better than outside advisers.

As Dennis A. Beggs, director of investments for the Ontario Muncipal Employees

Continued on page 30

Funds seek broader field of investment

By Barry B. Burr

TORONTO — A group of the 70 largest pension funds in Canada wants to loosen investment regulations, including ending or at least liberalizing the restriction on investing abroad.

The group also wants to lift the prohibition on investing in foreign real estate.

The Pension Investment Association of Canada, whose assets of $55 billion comprise two-thirds of $80 billion in trusteed pension assets in the country, is submitting the proposals to provincial labor ministers and federal officials. In Canada, the provinces oversee much of pension regulation.

For the past three years, other proposals to change Canadian pension rules have been before provincial and federal legislatures. These proposals have dealt for the most part with benefits, or the liability side of pensions.

One of the most controversial proposals, which made the front pages of many newspapers in June, would require private, as well public, pension funds to index benefits for inflation.

Now the Pension Investment Association has joined the "great pension reform debate," said Dennis A. Beggs, investment manager of the

Continued on page 30

The Parliament building, Ottawa, (above) and downtown Toronto: Canadian funds are seeking a legislative easing of investment limits.

Survey finds shift among Top 10 firms

By Barry B. Burr

CHICAGO — The rankings by tax-exempt assets of Canada's largest investment managers had a major shakeout during the past year, according to *Pensions & Investment Age's* annual directory of Canadian money managers.

Montreal Trust Co. of Canada, ranked fourth last year among investment managers with $2.2 billion in tax-exempt assets, reported $1.7 billion in assets this year. The loss of $500 million dropped it out of the Top 10 money managers.

Donald R. Large, vice president-corporate services in Montreal Trust's Vancouver office, attributed the loss to pension funds moving to investment counseling firms. "We've been restructuring the organization in money management, and should see the results in the next year or two," he said.

In the Montreal office, Norman Cunningham, senior vice president-investment management division, said, "As far as I can determine, last year's assets were miscalculated and overestimated." He said Montreal Trust has lost market share, but the asset base has remained stable. Mr. Cunningham confirmed the restructuring, but did not elaborate.

Great-West Life Assurance Co., Winnipeg, displaced Royal Trust Co., Toronto, in the top spot. Both increased the amount of assets under management. Great-West grew to $4.9 billion from $4.1 billion; Royal Trust to $4.5 billion from $4.2 billion.

The directory lists 60 insurance companies, trust companies and investment counselors, whose tax-exempt assets total $54 billion — $43 billion in discretionary accounts.

The directory shows Canadian stocks are held by 57 managers; bonds, 56; real estate equity, 12; mortgages, 36; U.S. equities, 45; and other investments, such as oil and gas and venture capital, 10.

The composite asset mix, in rounded numbers, is 38% in Canadian stocks, 11% in bonds, 14% in cash, 14% in equity real estate, 12% in mortgages, 9% in U.S. stocks and 5% in other investments.

The assets invested in real estate are skewed by two large management firms. If Lehndorff Management Group's accounts are eliminated, the percentage in equity real estate declines to 6%. Similarly, if Morguard Investments Ltd. is eliminated, the aggregate invested in mortgages falls to 10%.

The directory shows investment counseling firms manage by far most of the tax-exempt assets, 51%, more than insurance and trust companies combined. ■

Key to abbreviations
C: Corporate accounts
E: Educational endowments
F: Private foundations
G: Provincial governments
U: Unions

a

Aetna Canada
145 King St. W., Toronto, Ontario M5H 3T7; (416) 864-8000

Total assets managed	$1,172,000,000
Tax-exempt assets managed:	
Total	$478,000,000
Fully discretionary	$340,000,000
Real estate assets managed	$139,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	780
Types of accounts managed	CGU
No. of portfolio managers	5
Size of research staff	4

Aetna Canada's approximate mix of tax-exempt assets as of March 31 was 26% Canadian stocks, 25% bonds, 13% cash, 4% equity real estate and 32% mortgages.

The balanced manager has real estate and short-term investment capabilities.

Its equity strategy is based on determination of an overall market direction.

Within that framework, it evaluates the trend of each stock based on a variety of fundamental and technical factors.

The firm strives to attain an above-average, less volatile fixed-income return by using asset shifts between bonds and mortgages as well as movements along the yield curve.

B.F.H. Graham, vice president and treasurer, is the chief investment officer; William H. Alexander, associate treasurer, is the client contact.

Altamira Management Ltd.
475 Michel Jasmin, Dorval, Quebec H9P 1C2; (514) 631-2347

Total assets managed	$325,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	$140,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	CF
No. of portfolio managers	2

Altamira Management's approximate mix of tax-exempt assets was 90% bonds and 10% cash as of March 31.

The fixed-income manager employs interest-rate anticipation and value arbitraging to maintain a core portfolio that undergoes extensive substitution trading on basis of value. This strategy is combined with conservative term and credit exposure.

Clients include Falconbridge, George Weston, Steinberg and Le Groupe Commerce.

Gary Gilmore, president, and David Baker, vice president, are the chief investment officers and the client contacts.

b

Beutel Goodman & Co. Ltd.
Suite 1201, 2300 Yonge St., Toronto, Ontario M4P 1E4; (416) 485-1010

Total assets managed	$2,700,000,000
Tax-exempt assets managed:	
Total	$2,500,000,000
Fully discretionary	$2,500,000,000
Real estate assets managed	$130,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	80
Types of accounts managed	CEFU
No. of portfolio managers	9
Size of research staff	3

Beutel Goodman's approximate mix for tax-exempt assets as of March 31 was 58% Canadian and U.S. stocks, 28% bonds, 10% cash, 2% equity real estate and 2% venture capital.

The firm has equity, fixed-income, balanced and real estate capabilities.

It uses an equity philosophy based on sector rotation and Graham & Dodd. It uses a contrarian and value-oriented approach that seeks to accumulate deeply undervalued equities that are at a discount to intrinsic value at a low multiple of earnings.

The fixed-income approach is one of interest-rate anticipation. There is an emphasis on liquidity, quality and income stream.

Total returns are augmented through active management that exploits both anomalies in yield curve relationships and deviations from the expected trend in rates.

The firm has 24 clients that are pension funds of subsidiaries of U.S. firms.

Clients include Abbott Laboratories, Caterpillar of Canada, GTE and Inco.

Austin C. Beutel is the chief investment officer; David A. Williams is the client contact.

Black, Galper & Heessels
Suite 1010, 2 First Canadian Place, P.O. Box 413, Toronto, Ontario M5X 1E3; (416) 869-0163

Total assets managed	$1,290,000,000
Tax-exempt assets managed:	
Total	$1,246,000,000
Fully discretionary	$1,246,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	41
Types of accounts managed	CEFGU
No. of portfolio managers	6

The approximate mix for tax-exempt assets managed by Black, Galper & Heessels Ltd. was 29% Canadian stocks and 71% cash as of March 31.

The firm has equity, fixed-income, money market and balanced capabilities.

It uses an equity approach based on sector rotation and market timing.

Its fixed-income approach is based on interest-rate anticipation.

The firm has six clients that are pension funds of subsidiaries of U.S. firms.

Paul F. Black, president, is chief executive officer and client contact.

Bolton, Tremblay Inc.
Suite 800, 1100 University St., Montreal, Quebec H3B 4K5; (514) 875-7150

Total assets managed	$1,800,000,000
Tax-exempt assets managed:	
Total	$1,200,000,000
Fully discretionary	$600,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	115
Types of accounts managed	CEFGU
No. of portfolio managers	14

As of March 31, Bolton, Tremblay had an approximate mix for tax-exempt assets of 35% Canadian stocks, 50% bonds, 5% cash and 10% U.S. stocks.

The firm is a balanced manager, but offers a range of specialty management services. It uses a team-specialist approach to investment management.

Equity management emphasizes value-oriented stock selection. Its fixed-income approach is based on interest-rate anticipation, duration management, sector analysis and swaps, with emphasis on quality and liquidity.

Clients include Amoco, Bristol-Myers, University of Western Ontario and the city of Winnipeg.

Ian T. Scott, president, is chief investment officer and client contact.

c

Canada Life Assurance Co.
330 University Ave., Toronto, Ontario M5G 1R8; (416) 597-1456

Total assets managed	$1,400,000,000
Tax-exempt assets managed:	
Total	$895,000,000
Fully discretionary	$895,000,000
Real estate assets managed	$122,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	119
Types of accounts managed	CGU
No. of portfolio managers	4
Size of research staff	4

As of March 31, the tax-exempt asset mix managed by Canada Life Assurance was 39% Canadian stocks, 26% bonds, 12.5% cash, 10% equity real estate, 7.5% mortgages and 5% U.S. stocks.

The equity approach of the balanced manager is two-tiered, with a portion of the portfolio invested in the largest-capitalization, most widely followed stocks. The remainder (up to 50%) is invested in smaller and medium-sized companies. It follows growth stock, emerging growth, low P/E and Graham & Dodd approaches.

For fixed-income investment, the firm identifies the most attractive market sectors and purchases current-coupon liquid bonds for trading purposes in making interest-rate calls. It will do spread trades, hit sinking fund bids and trade between markets.

The firm has 10 clients that are pension funds of subsidiaries of U.S. firms.

R.D. Redford, senior vice president, is the chief investment officer; W.T. "Taylor" Echlin, superintendent of group pension investment services, is the client contact.

Canada Permanent Trust Co.
320 Bay St., Toronto, Ontario M5H 2P6; (416) 361-8271

Total assets managed	$3,300,000,000
Tax-exempt assets managed:	
Total	$685,000,000
Fully discretionary	$665,000,000
Real estate assets managed	$78,000,000
Minimum separate account	0
Tax-exempt clients	152
Types of accounts managed	CEFGU
No. of portfolio managers	7

The approximate mix for tax-exempt assets under management by Canada Permanent Trust as of March 31 was 34.2% Canadian stocks, 25.6% bonds, 16.3% cash, 13.5% mortgages and 10.4% foreign equity.

For equity investment, the firm's approach includes growth stock, low P/E, sector rotation, Graham & Dodd, modern portfolio theory and market timing. Operated on a team approach, its equity concentration is in fewer than 35 situations with above-average return prospects, given defined risk and liquidity markets.

The balanced manager's fixed-income approach is based on interest-rate anticipation and sector analysis. Strategy corresponds to quality and liquidity considerations while taking an active approach to aberrations in the yield curve for Canadian and international markets.

Earl Bederman, vice president and chief economist, is the chief investment officer; John A. Boyd, manager-client investment services, is the client contact.

Canada Trust-Investment Division
110 Yonge St., Toronto, Ontario M5C 1T4; (416) 869-6320

Total assets managed	$2,412,000,000
Tax-exempt assets managed:	
Total	$2,412,000,000
Fully discretionary	$2,412,000,000
Real estate assets managed	$407,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	83
Types of accounts managed	CFU
No. of portfolio managers	8
Size of research staff	4

The approximate mix for tax-exempt assets managed by the Canada Trust-Investment Division was 40% Canadian stocks, 45% bonds, 10% cash and 5% mortgages as of March 31.

The equity approach of the balanced manager emphasizes industry over/underweighting, with extensive use of external research for securities selection. Heritage Economics, Boston Co. and H.C. Wainwright economic forecasts are used to anticipate market trends.

For superior returns on fixed income, the firm aggressively uses high-grade government bonds structured to a given maturity for maximum effect from its interest-rate projections. Computer simulations are employed extensively.

The firm has 18 clients that are pension fund subsidiaries of U.S. firms.

Clients include Air Canada, HFC, University of Manitoba and BC Telephone.

W.J. Blowers, vice president-trust investments, is the chief investment officer and the client contact.

Canagex Placements Ltd.
Suite 600, 625 Dorchester Blvd. W., Montreal, Quebec H3B 1R2; (514) 879-9272

Total assets managed	$1,130,000,000
Tax-exempt assets managed:	
Total	$613,000,000
Fully discretionary	$613,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	32
Types of accounts managed	CEFGU
No. of portfolio managers	7

The approximate mix of tax-exempt assets under management by Canagex Placements as of March 31 was 25% Canadian stocks, 50% bonds, 15% cash and 10% U.S. stocks.

The balanced manager has options capabilities.

Its equity approach incorporates sector rotation and Graham & Dodd. For fixed income, the firm uses interest-rate anticipation and sector analysis.

Canagex Placements has one client that is a pension fund of a subsidiary of a U.S. firm.

President Claude Lemire is the chief investment officer and the client contact.

Central Trust
5151 Terminal Road, Halifax, Nova Scotia B3J 3C8; (902) 425-7390

Total assets managed	$3,800,000,000
Tax-exempt assets managed:	
Total	$291,000,000
Fully discretionary	$100,000,000
Real estate assets managed	$100,000,000
Minimum separate account	$100,000
Tax-exempt clients	28
Types of accounts managed	C
No. of portfolio managers	8

As of March 31, Central Trust had a tax-exempt asset mix of 40% Canadian stocks, 30% bonds, 10% cash, 10% mortgages and 10% U.S. stocks.

Its equity approach is based on book value, yield and growth potential.

The balanced manager's fixed-income approach is based on interest-rate anticipation and sector analysis.

R.B. Blight, assistant vice president-trust investments, is the chief financial officer and the client contact.

Cockfield Cooper Cunningham Investment Counsel Inc.
Suite 205, 20 Victoria St., Toronto, Ontario M5C 2NB; (416) 366-2253

Total assets managed	$260,000,000
Tax-exempt assets managed:	
Total	$247,000,000
Fully discretionary	$247,000,000
Real estate assets managed	$25,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	18
Types of accounts managed	CEFU
No. of portfolio managers	4

Cockfield Cooper Cunningham had an approximate mix for tax-exempt assets of 50% Canadian stocks, 25% bonds, 10% cash, 10% mortgages and 5% U.S. stocks as of March 31.

The firm has equity, fixed-income, balanced and mortgage capabilities.

Its aggressive equity approach is based on growth stock, industry rotation and market timing.

Interest-rate anticipation is the basis for its fixed-income approach. Concentrating on Canadian bonds for liquidity and trading purposes, bond money is managed actively.

The firm has two clients that are pension funds of subsidiaries of U.S. firms.

David Cockfield, president, is the chief investment officer; Andrew T. Griffith is the client contact.

Confed Investment Counselling Ltd.
321 Bloor St. E., Toronto, Ontario M4W 1H1; (416) 967-8056

Total assets managed	$1,819,000,000
Tax-exempt assets managed:	
Total	$1,819,000,000
Fully discretionary	$1,819,000,000
Real estate assets managed	$39,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	380
Types of accounts managed	CU
No. of portfolio managers	6

The approximate mix for tax-exempt assets managed by Confed Investment Counselling was 30% Canadian stocks, 43% bonds, 10% cash, 5% equity real estate and 12% U.S. stocks as of March 31.

The balanced manager, a subsidiary of Confederation Life Insurance

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Co., concentrates on shares of companies with high-sustainable return on equity produced by asset turnover and margins, employing Graham & Dodd in its equity strategy.

Interest-rate anticipation and trading are the cornerstones of the firm's fixed-income approach.

A.F. Hamblin, president, is the chief investment officer; F.G. Ryan, assistant vice president-group pension marketing, is the client contact at (416) 967-8229.

Connor, Clark & Lunn Investment Management

Box 49296, Suite 764, 4 Bentall Centre, 1055 Dunsmuir St., Vancouver, B.C. V7X 1L3 (604) 669-3512

Total assets managed	$200,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$130,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	20
Types of accounts managed	CFU
No. of portfolio managers	5
Size of research staff	1

As of March 31, Connor, Clark & Lunn's approximate mix for tax-exempt assets was 38% Canadian stocks, 10% bonds, 40% cash, 2% mortgages and 10% U.S. stocks as of March 31.

The balanced manager categorizes equities in two areas: core stocks (medium capitalizations), which are identified through a concept approach and financial screens; and non-core positions, for which a top-down approach using sector rotation and option premium analysis is applied.

Yield-enhancement techniques stemming from extensive yield-curve and risk analysis provide for above-average fixed-income returns. Capital preservation is the underlying strategy that also encompasses some interest-rate timing.

The firm has four clients that are pension funds of subsidiaries of U.S. firms.

Larry R. Lunn, president and managing director, is the chief investment officer; Gordon H. MacDougall, vice president and director, is the client contact.

d

The Dominion Life Assurance Co.

111 Westmount Road S., Waterloo, Ontario N2J 4C6; (519) 888-5314

Total assets managed	$1,350,000,000
Tax-exempt assets managed:	
Total	$185,000,000
Fully discretionary	$26,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	39
Types of accounts managed	C
No. of portfolio managers	4

Dominion Life Assurance's approximate mix of tax-exempt assets under management as of March 31 was 87.1% Canadian stocks, 6.3% bonds and 6.6% mortgages.

For equity management, it emphasizes stock picking, market timing (through exposure to or de-emphasis of betas). Graham & Dodd also is used.

The balanced manager's fixed-income approach stresses high quality and marketability, adjusting term to maturity depending on market outlook. Relying on interest-rate anticipation and sector analysis, it maintains 30% midterm exposure at all times.

Dominion Life has a number of clients that are pension funds of subsidiaries of U.S. firms.

Walter A. Keyser, vice president-investments, is the chief financial officer, and Ken E. Rae, director, investments-segregated funds, is the client contact.

Real estate investment managers will be profiled and ranked in Pensions & Investment Age's annual directory Sept. 3.

e

Elliott & Page Ltd.

Suite 1120, 120 Adelaide St. W., Toronto, Ontario M5H 1V1; (416) 365-8300

Total assets managed	$2,315,000,000
Tax-exempt assets managed:	
Total	$354,000,000
Fully discretionary	$354,000,000
Real estate assets managed	$30,000,000
Minimum separate account	$500,000
Tax-exempt clients	31
Types of accounts managed	CEFU
No. of portfolio managers	8
Size of research staff	11

Elliott & Page's approximate mix for tax-exempt assets was 40% Canadian stocks, 40% bonds, 10% cash and 10% U.S. stocks as of March 31.

The balanced manager's equity management places varying degrees of emphasis on a combination of market timing, group/sector rotation, security selection and purchase/sale timing.

Its fixed-income strategy places a 70% degree of emphasis on maturity management with quality/credit management and arbitrage also used.

The firm has two clients that are pension funds of subsidiaries of U.S. firms.

President David Scott is the chief investment officer.

European & Pacific Investment Management

Suite 620, 1100 Melville St., Vancouver, British Columbia V6E 4A6; (604) 687-7306

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	$140,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	46
Types of accounts managed	CEF
No. of portfolio managers	7
Size of research staff	20

European & Pacific Investment Management had an approximate mix of tax-exempt assets of 89.8% stocks, 7.7% bonds and 2.5% cash as of March 31.

All the assets are non-North American.

European & Pacific delegates investment management to Robert Fleming, London, and Jardine Fleming, Hong Kong.

Both employ a fundamentalist equity approach based on growth stock and Graham & Dodd in selecting national markets and stocks within each market through a worldwide network of research offices.

Its fixed-income approach focuses on interest-rate anticipation and currency.

The firm has seven clients that are the pension funds of subsidiaries of U.S. firms.

Clients include Air Canada, Royal Bank, Standard Life and George Weston.

President Brien D. Gillespie is the chief investment officer and the client contact.

f

Fiscal Consultants (1982)

Suite 905, 1075 Bay St., Toronto, Ontario M5S 2B1; (416) 960-8225

Total assets managed	$250,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$200,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	14
Types of accounts managed	C
No. of portfolio managers	4
Size of research staff	1

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The approximate mix of tax-exempt assets managed by Fiscal Consultants (1982) Ltd. as of March 31 was 31% Canadian stocks, 32% bonds, 32% cash and 5% U.S. stocks.

The firm has balanced and oil and gas direct investment capabilities.

For equity investments, its approach includes low P/E, Graham & Dodd and market timing. It is top-down and value-oriented, emphasizing asset mix, industry selection and active use of cash reserves. Capital preservation also is emphasized.

Its bond investment approach is based on interest-rate anticipation. It is active management with computer-sourced spread data used extensively to trade between markets and maturities.

The firm has one client that is a pension fund of a U.S. subsidiary.

L.N. Watt, president, is the chief investment officer; Huntly Christie, vice president, is the client contact.

Foyston, Gordon & Payne

Suite 1201, 10 King St. E., Toronto, Ontario M5C 1C3; (416) 362-4725

Total assets managed	$92,000,000
Tax-exempt assets managed:	
Total	$72,000,000
Fully discretionary	$72,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	CF
No. of portfolio managers	3

The approximate mix of tax-exempt assets under management of Foyston, Gordon & Payne Inc. was 34% Canadian stocks, 45% bonds, 12% cash and 9% U.S. stocks as of March 31.

The firm's stock selection is primarily bottom-up, using an in-house screening process that concentrates on company fundamentals.

For fixed-income management, the balanced manager concentrates on government securities augmented with some high-quality corporate issues. It uses interest-rate anticipation.

The firm has three clients that are pension funds of subsidiaries of U.S. firms.

Clients include Uniroyal Ltd., A.E. LePage Ltd. and K mart Canada Ltd.

Peter G. Gordon, president, is the chief investment officer and the client contact.

g

The Great-West Life Assurance Co.

100 Osborne St. N., Winnipeg, Manitoba R3C 3A5; (204) 946-1190

Total assets managed	$8,200,000,000
Tax-exempt assets managed:	
Total	$4,900,000,000
Fully discretionary	$945,000,000
Real estate assets managed	$615,000,000
Minimum separate account	$3,500,000
Tax-exempt clients	241
Types of accounts managed	CGU
No. of portfolio managers	15
Size of research staff	60

The approximate mix of Great-West Life Assurance's tax-exempt assets under management as of March 31 was 30% Canadian stocks, 10% bonds, 10% cash, 10% equity real estate, 30% mortgages and 10% U.S. stocks.

Great-West uses a passive/active strategy for common stock management. The indexed core provides diversification and superior returns and efficiently implements the important timing decision. An aggressively managed U.S. fund complements the indexed core by investing in the half of the Standard & Poor's 500 index not available in Canada.

The fixed-income approach is based on interest-rate anticipation and invests the majority of the exposure in a pooled commercial and industrial mortgage fund. Capital appreciation is captured with an actively traded bond fund that has the ability to vary term quickly.

The firm has 15 clients that are pension funds of subsidiaries of U.S. firms.

Clients include Colgate-Palmolive of Canada, Union Gas and Canadian Newspapers.

M.G. Smith, executive vice president-investments, is the chief investment officer; Gary N. Coopland, vice president-pension investments, is the client contact.

Gryphon Investment Counsel Inc.

Suite 710, 2000 Peel St., Montreal, Quebec H3A 2W5; (514) 288-4122

Total assets managed	$523,000,000
Tax-exempt assets managed:	
Total	$163,000,000
Fully discretionary	$163,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	9
Types of accounts managed	CEFU
No. of portfolio managers	6
Size of research staff	2

Gryphon's approximate mix for tax-exempt assets was 66% Canadian stocks, 29% bonds and 5% cash.

The firm predominantly is a balanced manager, with specialist funds in equities and fixed income.

Sector rotation, market timing and fundamental analysis are used in the equity approach. Stock selection within sectors is dependent on in-house research.

Its fixed-income approach is based on interest-rate anticipation and sector analysis. Emphasis is on active interest-rate timing, with goals of preservation and enhancement of capital to maximize total return. Concentration is in high-quality bonds, and cash when appropriate.

The firm has two clients that are pension funds of subsidiaries of U.S. firms.

George B. Kiddell, president, is the chief investment officer.

Guaranty Trust Co. of Canada

366 Bay St., Toronto, Ontario M5H 2W5; (416) 863-5227

Total assets managed	$729,000,000
Tax-exempt assets managed:	
Total	$729,000,000
Fully discretionary	$729,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	182
Types of accounts managed	CEFGU
No. of portfolio managers	5

Guaranty Trust Co. of Canada had an approximate mix for tax-exempt assets of 35% Canadian stocks, 33% bonds, 10% cash, 12% mortgages and 10% U.S. stocks as of March 31.

Guaranty Trust employs a disciplined approach to equity management, always stressing long-term values. It emphasizes sound security selection and diversification within industries and companies.

For fixed-income management, the company emphasizes medium-term maturity schedules, extendible and retractable options and high coupon income. Holdings are spread among Canadian, provincial and corporate bonds with a minimum of an A rating.

The firm has 43 clients that are pension funds of subsidiaries of U.S. firms.

Clients include Joseph E. Seagram & Sons Ltd., H.J. Heinz Co., Champion Spark Plug Co. of Canada and Canadian Gypsum Co.

Peter A. Spark, vice president-investments, is the chief investment officer; D. Wannamaker, vice president-pension services, is the client contact.

Guardian Capital Investment Counsel Ltd.

Suite 500, 48 Yonge St., Toronto, Ontario M5E 1H3; (416) 364-8341

Total assets managed	$957,000,000
Tax-exempt assets managed:	
Total	$881,000,000
Fully discretionary	$881,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	39
Types of accounts managed	CEFU
No. of portfolio managers	9

As of March 31, Guardian Capital had an approximate tax-exempt asset mix of 43% Canadian stocks, 24% bonds, 13% cash, 10% mortgages and 10% U.S. and international stocks.

The firm has equity, fixed-income and balanced capabilities.

Its equity approach includes growth stock, emerging growth, low P/E, sector rotation, Graham & Dodd and market timing.

The fixed-income approach is based on interest-rate anticipation and emphasizes quality and liquidity. The firm's performance depends on the average term of portfolio and cash component.

The firm has 10 clients that are pension funds of subsidiaries of U.S. firms.

Clients include Boise Cascade, GTE, Ford of Canada and Sperry.

Gurston I. Rosenfeld, president, is the chief investment officer; Bernice Wade, vice president, is the client contact.

h

Hodgson Roberton Laing Ltd.

Suite 500, 199 Bay St., Toronto, Ontario M5J 1L4; (416) 869-3320

Total assets managed	$760,000,000
Tax-exempt assets managed:	
Total	$270,000,000
Fully discretionary	$270,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	18
Types of accounts managed	CEF
No. of portfolio managers	6

As of March 31, Hodgson Roberton Laing's approximate mix for tax-exempt assets was 40% Canadian stocks, 45% bonds, 5% cash and 10% U.S. stocks.

The balanced manager employs a modified top-down equity approach, with industry mix and security selection being the key elements.

The firm uses interest-rate anticipation for its fixed-income portfolios, with actively managed maturity and credit schedules.

The firm has two clients that are pension funds of subsidiaries of U.S. firms.

J. Warren Laing, president, is the chief investment officer; Terry C. Buddin, vice president, is the client contact.

Horgan Investment Counsel

Suite 1108, 101 Richmond St. W., Toronto, Ontario M5H 1T1; (416) 362-7907

Total assets managed	$35,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$5,000,000
Real estate assets managed	$150,000
Minimum separate account	$1,000,000
Tax-exempt clients	2
Types of accounts managed	CU
No. of portfolio managers	1

As of March 31, Horgan Investment Counsel's tax-exempt asset mix was 19% Canadian stocks, 55% bonds, 10% cash, 3% mortgages, 13% U.S. stocks.

The firm has equity and balanced capabilities.

Its equity approach includes growth stock, low P/E, sector rotation, Graham & Dodd and market timing. The firm emphasizes growth stock and fundamentals, using a top-down, balanced approach that looks outside of Canada. It has a strong U.S. capability. The firm anticipates major shifts, concentrating on asset mix and avoiding overdiversification.

For fixed-income investment, the firm uses interest-rate anticipation. It maintains quality by predicting major rate changes, and uses some trading.

Patrick Horgan, president, is the chief investment officer and client contact.

Hughes, King and Co. Ltd.

Suite 1808, 150 York St., Toronto, Ontario M5H 3S5; (416) 863-0687

Total assets managed	$120,000,000
Tax-exempt assets managed:	
Total	$85,000,000
Fully discretionary	$85,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$100,000
Tax-exempt clients	15
Types of accounts managed	CF
No. of portfolio managers	3

As of March 31, Hughes, King's approximate mix of tax-exempt assets was 29% Canadian stocks, 51% bonds, 9% cash, 1% mortgages and 10% U.S. stocks.

The firm has equity, fixed-income and balanced capabilities.

For equity investment, the firm uses growth stock, emerging growth, low P/E and market timing. It takes a top-down approach, and is partial to growth stock. The firm tries to take advantage of major market swings.

The fixed-income approach relies on interest rate anticipation. The firm assesses the interest rate outlook along with other relevant fundamental and technical factors. It tries to match returns, largely by adjusting the average term of the portfolio. As with stocks, it emphasizes quality and active management.

The firm has one client that is a pension fund of a subsidiary of a U.S. firm.

C.W. King, president, is the chief investment officer. The client contacts are Mr. King, G.C. Noble, executive vice president, and R.S. Stuart, vice president.

i

The Imperial Life Assurance Co. of Canada

95 St. Clair Ave. W., Toronto, Ontario M4V 1N7; (416) 926-2600

Total assets managed	$2,324,000,000
Tax-exempt assets managed:	
Total	$510,000,000
Fully discretionary	$500,000,000
Real estate assets managed	$119,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	270
Types of accounts managed	CU
No. of portfolio managers	11
Size of research staff	3

Imperial Life managed $510 million in tax-exempt assets as of Jan. 1.

The approximate mix for tax-exempt assets was 35% Canadian stocks, 35% bonds, 10% cash, 15% mortgages and 5% U.S. stocks.

For equity investment, the balanced manager's approach is based on growth stock and market timing. It features a top-down approach to market sectors and fundamental analysis of individual securities, emphasizing sectors and securities that show the greatest potential for growth.

The fixed-income approach is based on interest-rate anticipation and includes an active bond management style based on interest-rate and yield-spread analyses.

It emphasizes highly liquid, high-quality government issues, selected corporates, cash and short-term vehicles.

Clients include Brewer's Warehouse, Hatch Associates and Interprovincial Steel & Pipe.

J.B. Purdy, senior vice president-investments, is the chief investment officer; Ralph D. Martin, marketing representative-segregated funds, is the client contact at (416) 926-2662.

Investors Group Trust Co.

280 Broadway, Winnipeg, Manitoba R3C 3B6; (204) 943-0361

Total assets managed	$3,900,000,000
Tax-exempt assets managed:	
Total	$388,000,000
Fully discretionary	$388,000,000
Real estate assets managed	$1,408,000,000
Minimum separate account	0
Tax-exempt clients	380
Types of accounts managed	CGU
No. of portfolio managers	9
Size of research staff	4

Its equity approach includes growth stock, low P/E, sector rotation, Graham and Dodd and market timing. The firm uses a conservative stock selection process emphasizing industry sector rotation and liquidity factors to maximize capital appreciation potential without assuming undue risk.

The fixed-income approach includes interest-rate anticipation, sector analysis, spread trading and sinking fund corporation foreign-pay bonds.

It blends an actively traded, high-quality bond portfolio with mortgages, altering the ratio depending on interest-rate spreads and the state of the economic cycle.

P.E. Newman, senior vice president-investments, is the chief investment officer; D.M. Smith is the client contact.

Investment management consultant profiles will be listed in the Aug. 6 issue.

Knight, Bain, Seath & Holbrook
Capital Management Inc.
Investment Counsel

8 King Street East, Suite 1500,
Toronto, Canada M5C 1B5
416/863/1433

j

Jarislowsky, Fraser & Co. Ltd. Investment Counsel

Suite 1501, 65 Queen St. W., Toronto, Ontario M5H 2M5; (416) 363-7417

Total assets managed	$2,200,000,000
Tax-exempt assets managed:	
Total	$2,000,000,000
Fully discretionary	$2,000,000,000
Real estate assets managed	$30,000,000
Minimum separate account	$500,000
Tax-exempt clients	75
Types of accounts managed	CEFU
No. of portfolio managers	7
Size of research staff	5

The approximate mix of tax-exempt assets managed by Jarislowsky, Fraser as of March 31 was 35% Canadian stocks, 43% bonds, 7% cash, 2% mortgages and 13% U.S. stocks.

The firm offers equity, fixed-income and balanced capabilities.

Its equity approach, which includes Graham & Dodd, modern portfolio theory and market timing, is fundamentalist. The firm conducts its own research and follows a strict adherence to its investment model and proven methodology.

The fixed-income approach is based on economic analysis of interest rate trends and an application of the criteria of safety of principal, the average term and optimization of yield.

The firm has 15 clients that are pension funds of subsidiaries of U.S. firms.

Clients include McGill University, Reader's Digest, Abitibi-Price and BP Canada.

Stephen A. Jarislowsky, president, is chief investment officer; Lorne T. Wickerson, partner, is client contact.

JRF Financial Consultants

Suite 803, 56 Sparks St., Ottawa, Ontario K1P 5A9; (613) 236-7361

Total assets managed	$378,000,000
Tax-exempt assets managed:	
Total	$378,000,000
Real estate assets managed	$134,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	7
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	2

As of March 31, JRF Financial Consultants had a tax-exempt asset mix of 37.1% Canadian stocks, 17.8% bonds, 1% cash, 9.8% equity real estate, 25.8% mortgages, 7.1% U.S. stocks, 1.1% direct investments in oil and gas, 0.2% venture capital and 0.1% Japanese stocks.

Companies with superior management dominate the firm's equity selection. Using growth stock, emerging growth and Graham & Dodd, it focuses on companies with the best prospects for long-term growth in earnings and dividends.

JRF Financial purchases fixed-income assets to maximize income during the long term, while maintaining safety of principal. These may be sold when reinvested proceeds can produce higher cash flow or recover losses (if any).

Clients include C.M.H.C. Pension Fund, Japanese Studies Trust Fund, Canadian 4-H Foundation and Board of Trade Pension Fund.

John R. Ferguson, president, is the chief investment officer; Kevin Charlebois, vice president, is the client contact.

k

Kingwest & Co.

Suite 7245, 1 First Canadian Place, Toronto, Ontario M5X 1A4; (416) 364-1503

Total assets managed	$135,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
Real estate assets managed	$5,000,000
Minimum separate account	$500,000
Tax-exempt clients	10
Types of accounts managed	CFU
No. of portfolio managers	3
Size of research staff	2

The approximate mix of Kingwest's tax-exempt assets was 30% Canadian stock, 25% bonds, 30% cash, 5% mortgages and 10% U.S. stocks as of March 31.

The equity approach of the balanced manager includes emerging growth and market timing.

Its fixed-income strategy emphasizes interest-rate anticipation.

The firm has eight clients that are pension funds of subsidiaries of U.S. firms.

Clients include McMaster Hospital Foundation, Indal Ltd., the IBEW and the Elevators Operators Union.

Peter A. Dennis, managing director, is the chief investment officer and the client contact.

Knight, Bain, Seath & Holbrook Capital Management

Suite 1500, 8 King St. E., Toronto, Ontario M5C 1B5; (416) 863-1433

Total assets managed	$620,000,000
Tax-exempt assets managed:	
Total	$620,000,000
Fully discretionary	$620,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	28
Types of accounts managed	CFU
No. of portfolio managers	4

Knight, Bain, Seath & Holbrook had an approximate mix of tax-exempt assets of 35% Canadian stocks, 40% bonds, 10% cash and 15% U.S. stocks as of March 31.

For equity investment, a disciplined, fundamental approach is followed to select stocks, using financial criteria to screen for value, as represented both by earnings potential and underlying assets.

Active management, using high-grade marketable issues, is the basis for the fixed-income approach. Major changes in average term are made in anticipation of interest-rate moves.

The firm has five clients that are pension funds of subsidiaries of U.S. firms.

Clients include Northern Telecom, Coca-Cola, TransCanada PipeLines and Procter & Gamble.

The principals are the chief investment officers. Herbert N. Seath and David Knight are the client contacts.

l

Laketon Investment Management

P.O. Box 31, Suite 1830, Royal Bank Plaza, North Tower, Toronto, Ontario M5J 2J1; (416) 868-1380

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$350,000,000
Fully discretionary	$350,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	12
Types of accounts managed	CFU
No. of portfolio managers	5

Laketon Investment Management firm has equity, fixed-income and balanced capabilities.

For equity investment, the firm emphasizes sector rotation and market timing. A top-down approach is used to identify specific industry groups. Stock selection is confined to high-quality, readily marketable vehicles. The timing is assisted by technical analysis.

The fixed-income approach uses interest-rate anticipation and relative-value trades. Bond portfolios are managed actively on a day-to-day basis to effect relative value trades. For the longer term, maturity schedules are adjusted to reflect the outlook for interest-rate trends. Duration analysis is emphasized in fixed-income investment decisions and immunization strategies.

The firm has one client that is a pension fund of a subsidiary of a U.S. firm.

Clients include Cominco, city of Edmonton, Gulf Canada and Canadian Allied Wholesale & Retail Union.

Alden S. White, managing partner, is the chief investment officer and the client contact.

Lank Roberton Macaulay

Suite 775, 1801 McGill College Ave., Montreal, Quebec H3A 2N4; (514) 288-8136

Total assets managed	$230,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$80,000,000
Real estate assets managed	$5,000,000
Minimum separate account	$250,000
Tax-exempt clients	15
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	4

The approximate mix for tax-exempt assets managed by Lank Roberton Macaulay as of March 31 was 35% Canadian stocks, 40% bonds, 10% cash, 5% mortgages and 10% U.S. stocks.

The balanced manager emphasizes equities. Its equity portfolios have a minimum of 60% senior-growth, low-multiple stocks and 10% to 15% emerging-growth with relatively low multiples. The balance of equities are cyclical and special situations, which are bought to be sold.

The firm emphasizes interest-rate anticipation in its fixed-income approach, where the average term to maturity varies between five and 10 years. Its maturity pattern is distributed evenly to maximize cash flow and flexibility to react to interest-rate changes.

The firm has one client that is a pension fund of a subsidiary of a U.S. firm.

J. Sebastian Van Berkom is the client contact.

Lehndorff Management Group

360 Bay St., Toronto, Ontario M5H 2V6; (416) 869-7800

Total assets managed	$665,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	0
Real estate assets managed	$65,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	30
Types of accounts managed	CFU

The Lehndorff Management Group manages $65 million in tax-exempt assets, all of which was invested in equity real estate as of March 31.

The firm places emphasis on high-quality, income-producing commercial, industrial and office properties well located in large urban centers.

The real estate manager has two clients that are pension funds of subsidiaries of U.S. firms.

Louis V. Matukas, executive vice president and general manager, is the chief investment officer; David R. Kinnie, vice president, is client contact.

London Life Insurance Co.

255 Dufferin Ave., London, Ontario N6A 4K1; (519) 432-5281

Total assets managed	$5,078,000,000
Tax-exempt assets managed:	
Total	$800,000,000
Fully discretionary	$800,000,000
Real estate assets managed	$160,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	3,400
Types of accounts managed	CU
No. of portfolio managers	4
Size of research staff	2

As of March 31, London Life Insurance had an approximate mix of tax-exempt assets of 35% Canadian stocks, 45% bonds and 20% mortgages.

The firm is a balanced manager.

Its equity approach includes sector rotation, Graham & Dodd and market timing. The firm employs a combination of techniques that entails the blending of top-down strategy with bottom-up fundamental security analysis.

Its fixed-income approach is based on interest-rate anticipation and sector analysis. The firm employs an investment strategy dictated by its liabilities profile, and trades the yield curve and spread between asset classes.

Tom Allan, vice president-investments, is the chief investment officer; Rick Rausch, manager-pension sales, is the client contact.

Loucks, Lee & Associates

Suite 770, 602 12th Ave. S.W., Calgary, Alberta T2R 1J3; (403) 269-4871

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Tax-exempt clients	4
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	1

The approximate mix of tax-exempt assets managed by Loucks, Lee & Associates as of March 31 was 30% Canadian stocks, 35% bonds, 25% cash and 10% U.S. stocks.

The firm is a balanced manager.

Equities selected are tailored to the client's objectives and the times. The firm's emphasis is on absolute returns and risk control.

Its fixed-income approach is active, with emphasis on quality and special features.

The firm has one client that is a pension fund of a subsidiary of a U.S. firm.

T.H. Loucks, president, is the chief investment officer and the client contact.

m

Managed Investments Ltd.

900-10117 Jasper Ave., Edmonton, Alberta T5J 1W8; (403) 423-3544

A POT OF GOLD

Its mines at Timmins, Ontario will produce 60,000 ounces this year. Associated Westfield Minerals Limited is expected to produce 5000 ounces in Ontario, while Whim Creek Consolidated N.L. will produce 40,000 ounces in Western Australia.

As well as gold, Northgate plans to produce 26 million pounds of copper and 150,000 ounces of silver in 1984.

Northgate and its associated companies are also actively exploring for base and precious metal deposits in North America, Ireland and Australia.

Northgate – a pot of gold at the end of the rainbow.

NORTHGATE EXPLORATION LIMITED
P.O. Box 143, 1 First Canadian Place
Toronto, Ontario M5X 1C7
Canada

A worldwide reputation, as good as gold.

Total assets managed	$140,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$80,000,000
Minimum separate account	$200,000
Tax-exempt clients	13
Types of accounts managed	CEFU
No. of portfolio managers	3

The approximate mix of Managed Investments' tax-exempt assets was 10% Canadian stocks, 45% bonds, 40% cash and 5% U.S. stocks as of March 31.

The balanced manager favors low relative P/E stocks with emphasis on balance-sheet strength. It follows an equal rating strategy on companies believed to offer above-average earnings growth for secular or cyclical reasons. Its equity approach also relies on Graham & Dodd and MPT strategies.

The fixed-income strategy of the portfolio manager, based on interest-rate anticipation, seeks bonds that should reduce portfolio volatility and enhance total return. The firm expects the current high budget deficit environment to persist for the foreseeable future; this excess credit demand dictates defensive emphasis on short maturities.

R. Bruce Sansom, president, is the chief investment officer and the client contact.

The Manufacturers Life Insurance Co.

200 Bloor St. E., Toronto, Ontario M4W 1E5; (416) 928-6467

Total assets managed	$9,744,000,000
Tax-exempt assets managed:	
Total	$1,234,000,000
Fully discretionary	$1,234,000,000
Real estate assets managed	$40,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	265
Types of accounts managed	CEFGU
No. of portfolio managers	9

Manufacturers Life's approximate mix of tax-exempt clients as of March 31 was 21% Canadian stocks, 39% bonds, 32% cash and 8% U.S. stocks.

The balanced manager has real estate capabilities.

Its primary emphasis for equity investment is on market timing. Subsequent to "market decision," a combination fundamental/technical approach is used in sector and individual security selection.

For fixed income, Manufacturers Life primarily relies on interest-rate anticipation based on economic analysis. It has continuous active management, using only the highest-quality, most liquid credits with a view of capital appreciation and preservation.

The firm has 37 clients that are pension funds of subsidiaries of U.S. firms.

Clients include Union Carbide, Ford Motor, Sherbrooke University and Manitoba Health Organizations.

Donald W. Parkinson, vice president-Canadian investments, is the chief investment officer; Mario Richard, regional director, is the client contact.

E.J. McConnell & Associates

Suite 500, 34 Adelaide St. W., Toronto, Ontario M5H 1L6; (416) 366-5871

Total assets managed	$660,000,000
Tax-exempt assets managed:	
Total	$490,000,000
Fully discretionary	$490,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	35
Types of accounts managed	CU
No. of portfolio managers	4
Size of research staff	4

E.J. McConnell & Associates' mix of tax-exempt assets as of March 31 was 36% Canadian stocks, 32% bonds, 29% cash and 3% U.S. stocks.

The firm's equity approach involves low P/E and market timing. It invests in strong balance-sheet situations where good management exists, and will undertake major portfolio shifts.

The balanced manager strives for control over term and liquidity in fixed-income management. It tends to buy short midterm bonds with high after-market liquidity.

E.J. McConnell & Associates has 14 clients that are pension funds of subsidiaries of U.S. firms.

Cedric Rabin, executive vice president, is the chief investment officer; E.J. McConnell, president, is the client contact.

McLean Budden Ltd.

Suite 1000, 360 Bay St., Toronto, Ontario M5H 2V6; (416) 862-9800

Total assets managed	$1,149,000,000
Tax-exempt assets managed:	
Total	$904,000,000
Fully discretionary	$830,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	50
Types of accounts managed	CEFU
No. of portfolio managers	11

As of March 31, the approximate mix for tax-exempt assets managed by McLean Budden Ltd. was 33% Canadian stocks, 36% bonds, 21% cash, 3% mortgages and 7% U.S. stocks.

The equity strategy of the firm stresses long-term fundamentals, with capital appreciation receiving primary emphasis. Short-term trading is de-emphasized in the contrarian approach that emphasizes major market swings. Market timing is viewed as an element in the strategy.

The balanced manager's fixed-income analysis focuses on prospective returns from maturity classes and sector analysis. Bond portfolios are actively managed, trading against major cyclical swings. Term decisions are based on the duration of the bond portfolio.

The firm has nine clients that are pension funds of subsidiaries of U.S. firms: Five are in segregated portfolios and four in a pooled fund.

Rodney Donald, chairman, is the chief investment officer; Wayne D. Beazer, vice president, is the client contact.

Montreal Investment Management Inc.

1130 Sherbrooke St. W., Montreal, Quebec H3A 2S7; (514) 286-4500

Total assets managed	$1,223,000,000
Tax-exempt assets managed:	
Total	$1,052,000,000
Fully discretionary	$1,052,000,000
Real estate assets managed	$40,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	41
Types of accounts managed	CEFGU
No. of portfolio managers	7

As of March 31, the approximate mix of tax-exempt assets managed by Montreal Investment Management was 50% Canadian stocks, 35% bonds, 2% cash, 3% equity real estate, 5% U.S. stocks, 4% international and 1% venture equity.

The firm's equity strategy is based on a core holding of growth stocks supplemented by cyclical stocks and market timing. It also uses passive management and Graham & Dodd theory.

The balanced manager's fixed-income management is 50% passive and 50% based on interest-rate anticipation.

Its core holding of corporate retractable high grades is supplemented with longs or shorts and international currency.

Montreal Investment Management has seven clients that are pension funds of subsidiaries of U.S. firms.

Carl Otto, chairman, is the chief investment officer.

Michael Burpee, director, is the client contact.

Montreal Trust Co. of Canada

1 Place Ville Marie, Montreal, Quebec H3B 4A8; (514) 397-7000

Total assets managed	$2,678,000,000
Tax-exempt assets managed:	
Total	$1,692,000,000
Real estate assets managed	$175,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	145
Types of accounts managed	CEFU
No. of portfolio managers	10
Size of research staff	9

The approximate mix of tax-exempt assets managed by Montreal Trust as of March 31 was 37% Canadian stocks, 33% bonds, 2% cash, 15% mortgages and 13% U.S. stocks and foreign equity.

The balanced manager has equity and fixed-income capabilities.

Its equity approach focuses on Graham & Dodd; interest-rate anticipation is the core of the firm's fixed-income strategy.

The firm has 62 clients that are pension funds of subsidiaries of U.S. firms.

N. Cunningham, senior vice president-investment management division, is the chief investment officer; B.H. Skuffham, assistant vice president-pension investment services, is the client contact.

Morguard Investments Ltd.

6 Crescent Road, Toronto, Ontario M4W 3K9; (416)967-0880

Total assets managed	$3,970,000,000
Tax-exempt assets managed:	
Total	$3,301,000,000
Fully discretionary	$450,000,000
Real estate assets managed	$3,250,000,000
Tax-exempt clients	400
Types of accounts managed	CEFGU
No. of portfolio managers	26
Size of research staff	65

Morguard Investments Ltd. is a fixed-income and real estate manager with oil and gas capabilities.

As of March 31, Morguard Investments' tax-exempt asset mix was 37% Canadian stocks and 63% mortgages.

Clients include Air Canada, Northern Telecom, Shell Canada Limited and C.B.C.

D.D. Weiss, executive vice president-mortgage division, and A.K. Stephens, executive vice president-property division, are the chief investment officers.

H.S. Dougan, senior vice president-business development, mortgage division, and W.A. Houghton, senior vice president-investments, property division, are the client contacts.

Mu-Cana Investment Counselling Ltd.

227 King St. S., Waterloo, Ontario N2J 4C5; (519) 888-2750

Total assets managed	$1,177,000,000
Tax-exempt assets managed:	
Total	$976,000,000
Fully discretionary	$976,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	49
Types of accounts managed	CEFGU
No. of portfolio managers	7

Mu-Cana had $976 million invested for 46 tax-exempt clients as of Jan. 1.

The approximate mix of those assets was 45% Canadian stocks, 45% bonds and 10% U.S. stocks.

The firm is a balanced manager and is comfortable with contrarian strategies.

Mu-Cana Investment Counselling's approach is based on Graham & Dodd and market timing. The firm works top-down and integrates its equity and fixed-income strategies into an overall asset mix. Strong stands are taken on industry weightings and holdings.

For fixed-income management, Mu-Cana rates duration management and quality levels far higher than trading gains, and makes use of private placements, stripped bonds and Canadian-issue U.S. dollar denominations.

The firm has nine clients that are pension funds of subsidiaries of U.S. firms.

Clients include Gates Canada, Joy Manufacturing, General Foods and Pillsbury.

H.E. Brough, senior vice president-investment operations, is the chief investment officer. David M. Paleczny, senior vice president-marketing and administration, is the client contact at (519) 888-2465.

Mutual Life of Canada

227 King St. S., Waterloo, Ontario N2J 4C5; (519) 888-2476

Total assets managed	$5,100,000,000
Tax-exempt assets managed:	
Total	$800,000,000
Fully discretionary	$598,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1,100
Types of accounts managed	CGU
No. of portfolio managers	10
Size of research staff	7

Tax-exempt assets at Mutual Life totaled $800 million as of Jan 1.

The approximate mix of tax-exempt assets was 40% Canadian stocks, 43% bonds, 2% cash, 5% mortgages and 10% U.S. stocks.

The firm has equity, fixed-income and balanced capabilities.

Its approach is based on Graham & Dodd and market timing. A top-down approach is followed beginning with asset mix, exposure to Canadian and U.S. markets and emphasis on industries that will benefit from the firm's economic and market outlook.

Its fixed-income approach emphasizes interest-rate anticipation. It has a conservatively managed, actively traded pooled fund, an aggressively managed fund and tailored separate accounts.

Approximately 50 of the firm's clients are pension funds of subsidiaries of U.S. firms.

Clients include Alberta Natural Gas, Bendix, Honda and Levi Strauss.

Duncan R. Winhold, senior vice president, is the chief investment officer; Ellery E. Thorsteinson, manager-pension investments, is the client contact.

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National Life Assurance Co. of Canada

522 University Ave., Toronto, Ontario M5G 1Y7; (416) 598-2122

Total assets managed	$830,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	$120,000,000
Real estate assets managed	$7,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	18
Types of accounts managed	C
No. of portfolio managers	3

As of March 31, the approximate mix of tax-exempt assets managed by National Life Assurance of Canada was 25% Canadian stocks, 50% bonds, 10% cash, 5% mortgages and 10% U.S. stocks.

The firm has equity, fixed-income and balanced capabilites.

Its equity approach includes growth stock, low P/E, sector rotation and market timing.

The approach is generalist, selecting undervalued growth securities and using market timing in the purchases. The firm rounds out the Canadian industry positions with selected foreign equities.

Its fixed-income approach is based on interest-rate anticipation and sector analysis.

The firm specializes in active management of portfolios and short- and long-term bonds in order to minimize price volatility while maintaining income, thereby achieving a consistency of rates of return.

The firm has two clients that are the pension funds of subsidiaries of U.S. firms.

T... Dea, vice president and treasurer, is the chief investment officer; Howard Shill, director-pension investment services, is the client contact.

National Trust Co. Ltd.

21 King St. E., Toronto, Ontario M5C 1B3; (416) 364-9141

Total assets managed	$2,000,000,000
Tax-exempt assets managed:	
Total	$1,200,000,000
Fully discretionary	$950,000,000
Real estate assets managed	$85,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	250
Typesof accounts managed	CFGU
No. ofportfolio managers	9
Size of research staff	4

As of March 31, National Trust had an approximate mix of tax-exempt assets of 40% Canadian stocks, 30% bonds, 10% cash, 10% mortgages and 10% foreign equity.

The firm has fixed-income and specialty capabilities.

Its equity approach emphasizes modern portfolio theory, selecting stocks on individual merit rather than by industry group. National Trust relies heavily on fundamental analysis to establish underlying value and to assess risk.

Its fixed-income approach is based on interest-rate forecasts and expected changes in the yield curve. Coreholdings are short- and medium-term extendibles, while the long-term component is traded aggressively.

More than 100 of the firm's clients are pension funds of subsidiaries of U.S. firms.

E.A. Walker, senior vice president-investments, is the chief investment officer; D.D. Landreville, vice president-employee benefit department, is the client contact.

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Robert A. Swan
Vice-President
130 Adelaide St., West,
P.O. Box 1160, "A"
Toronto, Ontario M5W 1G5
(416) 364-5620

p

Phillips Hager & North Ltd.

1055 W. Hastings St., Vancouver, British Columbia V6E 2H3; (604) 684-4361

Total assets managed	$2,100,000,000
Tax-exempt assets managed:	
Total	$1,800,000,000
Fully discretionary	$1,800,000,000
Real estate assets managed	$200,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	71
Types of accounts managed	CEU
No. of portfolio managers	5
Size of research staff	4

The approximate mix of tax-exempt assets managed by Phillips Hager & North as of March 31 was 40% Canadian stocks, 30% bonds, 10% cash, 10% mortgages and 10% U.S. stocks.

The firm is a balanced manager.

It emphasizes sector rotation in its equity approach, concentrating on companies with above-average records and superior return on equity. It tends to stress lower P/Es and generally invests for a two- to three-year time horizon.

Its fixed-income approach is based on interest-rate anticipation. The firm attempts to invest for major cyclical changes in interest rates and does not actively trade the bond portfolio.

The firm has 30 clients that are pension funds of subsidiaries of U.S. firms.

R.S. Hager, president, is the chief investment officer and the client contact.

Prudential Assurance Co. Ltd., Pension Fund Management

Suite 203/300,-141 Adelaide St. W., Toronto, Ontario M5H 3L9; (416) 368-8041

Total assets managed	$1,860,000,000
Tax-exempt assets managed:	
Total	$280,000,000
Fully discretionary	$125,000,000
Real estate assets managed	$20,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	160
Types of accounts managed	C
No. of portfolio managers	7

The approximate mix of tax-exempt clients managed by Prudential Assurance as of March 31 was 45% Canadian stocks, 15% bonds, 20% cash, 15% mortgages and 5% U.S. stocks.

The firm is a balanced manager.

Its equity approach is based on Graham & Dodd.

The firm, which concentrates on marketable Canadian stocks, and weights industries against index subgroups, is fundamentalist in selection, and is an active trader. Its U.S. stock portfolio's construction and activity are heavily dependent on quantitative analysis.

Its fixed-income approach is based on interest-rate anticipation. Portfolios are well-diversified, very actively traded, and the average term is aggressively managed, reflecting business and interest-rate expectations.

The firm has 15 clients that are the pension funds of subsidiaries of U.S. firms.

D.W. Parkin, senior vice president, is the chief investment officer; K. Kukkonen, pension sales manager, is the client contact.

r

Reed Monahan Nicholishen Investment Counsel

Suite 705, 20 Victoria St., Toronto, Ontario M5C 2N8; (416) 365-0038

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$40,000,000
Fully discretionary	$40,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	70
Types of accounts managed	C
No. of portfolio managers	3

Reed Monahan Nicholishen managed $40 million in tax-exempt assets as of June 30.

Its approximate mix of tax-exempt assets was 40% Canadian stocks, 30% bonds, 20% cash and 10% U.S. stocks.

The balanced manager has real estate capabilities.

Its equity approach includes growth stocks, emerging growth and Graham & Dodd, with analysis of specific industry groups and management interviews of emerging growth companies. Automatic review of holdings is triggered by evaluation screens and price target disciplines.

Its fixed-income assets are managed by shifting portfolio quality and maturity schedules based on anticipated interest rate changes. It is an active approach, using high-grade and marketable issues.

The firm has one client that is a pension fund of a subsidiary of a U.S. company.

Donald F. Reed, president, is chief investment officer and client contact.

Royal Trust

P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9; (416) 867-2403

Total assets managed	$8,364,000,000
Tax-exempt assets managed:	
Total	$4,545,000,000
Fully discretionary	$4,545,000,000
Real estate assets managed	$1,000,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1,479
Types of accounts managed	CEFGU
No. of portfolio managers	15
Size of research staff	17

Royal Trust's approximate mix of tax-exempt assets as of March 31 was 40% Canadian stocks, 24% bonds, 7% equity real estate, 11% mortgages, 10% U.S. stocks and 8% direct oil and gas.

The balanced manager's equity risk is carefully controlled. With the assistance of in-house research, portfolio managers identify strategies and securities that perform best in the forecast market environment, relying on growth stock, sector rotation and Graham & Dodd.

Fixed-income management focuses on interest-rate anticipation and sector analysis, with extensive in-house quantitative and qualitative research. Mortgages form a substantial part of the debt sector.

The firm has 50 clients that are the pension funds of subsidiaries of U.S. firms.

Clients include Steico, Kodak Canada, IBM Canada and General Motors of Canada.

B. Lee Bentley, vice president-trust investments, is the chief investment officer.

Ruggles & Crysdale Inc.

Postal Station "A", Box 4015, Toronto, Ontario M5W 2J3; (416) 865-0460

Total assets managed	$912,000,000
Tax-exempt assets managed:	
Total	$885,000,000
Fully discretionary	$885,000,000
Real estate assets managed	$10,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	4
Types of accounts managed	CFU
No. of portfolio managers	3
Size of research staff	2

As of March 31, Ruggles & Crysdale had an approximate mix of tax-exempt assets of 50% Canadian stocks, 30% bonds, 4% cash, 1% mortgages and 15% U.S. stocks.

The options specialist has equity, fixed-income and balanced capabilities.

Ruggles & Crysdale uses a dual equity portfolio approach. Between one-third and two-thirds of the holdings will be optionable stocks, and the balance will be growth and emerging growth situations.

The firm also uses a dual approach in fixed-income management. Up to 50% will be in optionable bonds, with the balance in shorter (five-year) A to triple-A government issues.

The firm has 11 clients that are pension funds of subsidiaries of U.S. firms.

Clients include IMASCO Ltd., Chrysler Canada, Gulf Canada and IBM Canada.

Robert T. Ruggles, chairman, is the chief investment officer; Hugh L. Innes, vice president, is the client contact.

s

Sceptre Investment Counsel

Suite 802, 40 University Ave., Toronto, Ontario M5J 2G1; (416) 977-6111

Total assets managed	$1,442,000,000
Tax-exempt assets managed:	
Total	$1,231,000,000
Fully discretionary	$1,231,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	52
Types of accounts managed	CFU
No. of portfolio managers	8
Size of research staff	5

Tax-exempt assets at Sceptre Investment toaled $1.4 billion as of Jan. 1.

The approximate asset mix was 40% Canadian stocks, 40% bonds, 5% cash, 5% mortgages and 10% U.S. stocks.

The firm has equity, fixed-income and balanced capabilities.

Sceptre's equity approach emphasizes sector rotation and Graham & Dodd.

Fixed-income strategies focus on quality extendible issues.

J. Douglas Grant, president, is the chief investment officer; George B. Turnbull, vice president, is the client contact at (416) 977-6118.

The Standard Life Assurance Co.

1245 Sherbrooke St. W., Montreal, Quebec H3G 1G3; (514) 284-6906

Total assets managed	$4,439,000,000
Tax-exempt assets managed:	
Total	$1,943,000,000
Fully discretionary	$1,943,000,000
Real estate assets managed	$107,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	215
Types of accounts managed	CGU
No. of portfolio managers	8
Size of research staff	4

As of March 31, Standard Life Assurance had a tax-exempt asset mix of 52.2% Canadian stocks, 27.5% bonds, 11.4% cash, 1.2% equity real estate, 4.4% mortgages and 3.3% U.S. stocks.

The firm has equity, fixed-income, balanced and real estate capabilities.

Standard Life traditionally has emphasized the long-term value of equities as opposed to other traditional asset classes. Its equity approach focuses on growth stock, emerging growth, sector rotation and Graham & Dodd.

Fixed-income management is based on interest-rate anticipation and sector analysis. Quality and liquidity are stressed, and value added through cyclical and spread trading.

The firm has 29 clients that are pension funds of subsidiaries of U.S. firms.

Roy R. Naudie, senior vice president-finance, is the chief investment officer; Paul de Savoye, vice president-Standard Life Portfolio Management, is the client contact.

Sun Life Assurance Co. of Canada

200 University Ave., Toronto, Canada M5H 3C7; (416) 595-7500

Total assets managed	$11,670,000,000
Tax-exempt assets managed:	
Total	$1,430,000,000
Fully discretionary	$1,430,000,000
Real estate assets managed	$360,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	112
Types of accounts managed	CEGU
No. of portfolio managers	13
Size of research staff	25

The approximate mix of tax-exempt assets managed by Sun Life as of March 31 was 32% Canadian stocks, 31% bonds, 4% cash, 11% equity real estate, 14% mortgages, 7% U.S. stocks and 1% energy fund.

The firm has equity, fixed-income, real estate, mortgage and private-placement bond capabilities, available on a specialty fund basis as well as balanced fund management.

Based on Graham & Dodd, the firm's equity approach is active management, combining capital appreciation with dividend income to maximize the return during each market cycle.

For fixed-income management, the firm's emphasis is on interest-rate anticipation, sector swapping and immunization.

The firm has 30 clients that are pension funds of subsidiaries of U.S. firms.

Clients include AMCA International, Canadian Utilities, Texaco Canada and Trans-Alta Utilities.

Alfred G. Wirth, vice president-securities investments, is the chief investment officer; R. Murray McBride, assistant vice president-pensions, is the client contact at (416) 595-7808.

t

Timmins & Associates Ltd.

Suite 2900, 130 Adelaide St. W., Toronto, Ontario M5H 3P5; (416) 364-5620

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$425,000,000
Fully discretionary	$425,000,000
Real estate assets managed	$15,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	35
Types of accounts managed	CEFU

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(416) 865-0731
Bill Smith

1100 Melville Street
Vancouver, Canada
(604) 687-1393
Larry Avant
Brien Gillespie

No. of portfolio managers 6
Size of research staff 2

As of March 31, Timmins & Associates had an approximate tax-exempt asset mix of 35% Canadian stocks, 40% bonds, 15% cash and 10% U.S. stocks.

The firm has equity, fixed-income and balanced capabilities.

Timmins combines a scenario-driven relative price-earnings model with sector rotation based on economic forecasts to manage a relatively undiversified benchmark equity portfolio.

For fixed income, the firm emphasizes sector management within the bond market more than term-to-maturity management to outperform the market index. Quantitative forecasting and evaluation techniques are used extensively.

The firm has six clients that are the pension funds of subsidiaries of U.S. firms.

Jean-Guy Desjardins, president, in Montreal, is the chief investment officer; Robert Swan, vice president, in Toronto, is the client contact.

Toronto Investment Management Inc.

P.O. Box 75, Royal Bank Plaza, Toronto, Ontario M5J 2J2; (416) 865-0731

Total assets managed	$2,450,000,000
Tax-exempt assets managed:	
Total	$2,026,000,000
Fully discretionary	$2,026,000,000
Real estate assets managed	$25,000,000
Minimum separate account	$5,000,000
Types of accounts managed	CEFGU
No. of portfolio managers	9
Size of research staff	2

The approximate mix of tax-exempt assets managed by Toronto Investment Management as of March 31 was 49% Canadian stocks, 38% bonds, 2% equity real estate, 6% U.S. stocks, 4% non-North American equity and 1% venture capital.

The balanced manager employs emerging growth, Graham & Dodd and market timing in its equity approach. It uses fundamental analysis, with final selections determined by the predicted accuracy record of source.

Its fixed-income approach includes interest-rate anticipation and sector analysis.

Bond portfolios have two parts: a trading portion positioned to take advantage of market changes and the remainder invested to satisfy long-run portfolio goals.

W.J. Smith, president, is the chief investment officer and client contact.

Travelers Canada

400 University Ave., Toronto, Ontario M6A 2P9; (416) 595-7000

Total assets managed	$535,000,000
Tax-exempt assets managed:	
Total	$193,000,000
Fully discretionary	$193,000,000
Real estate assets managed	$8,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	129
Types of accounts managed	C
No. of portfolio managers	4
Size of research staff	4

The approximate mix of tax-exempt assets managed by Travelers Canada was 11% Canadian stocks, 65% bonds, 7% cash and 17% mortgages as of March 31.

The balanced manager, a subsidiary of Travelers Insurance Co., has equity and fixed-income capabilities.

Relying on sector rotation and market timing in its equity approach, Travelers Canada makes individual stock judgments using value criteria from all market sectors, with the objective of maximizing return consistent with appropriate risk.

For fixed income, the firm uses interest-rate anticipation and sector analysis to maximize return consistent with the security of capital deemed appropriate for the fund.

Travelers Canada has 23 clients that are the pension funds of subsidiaries of U.S. firm.

Clients include Travelers Canada Retirement Plan, Eli Lilly, Chevron Canada and Becker Milk.

David M. Dunford, vice president-Travelers Investment Management, Hartford, Conn., is the chief investment officer; Raymond D. Debieu, director-group marketing, Toronto, is the client contact.

Trust General du Canada

1100 Rue University, Montreal, Quebec H3B 2G7; (514) 871-7433

Total assets managed	$3,094,000,000
Tax-exempt assets managed:	
Total	$655,000,000
Fully discretionary	$682,000,000
Real estate assets managed	$60,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	316
Types of accounts managed	CFU
No. of portfolio managers	9
Size of research staff	3

As of March 31, Trust General had an approximate mix of tax-exempt assets of 22% Canadian stocks, 45% bonds, 15% cash, 10% mortgages and 8% U.S. stocks.

The equity approach of the fixed-income manager is based on sector rotation and market timing. Within the limits of client objectives and constraints, it overweights industry groups offering prospects of the best one-year investment return, given the most probable economic scenario.

The firm relies primarily on interest-rate anticipation for fixed-income management. Within the limits of client objectives and constraints, it overweights credits with the best relative spread prospect of investment return, given the most probable scenario of interest rates.

Trust General has two clients that are the pension funds of subsidiaries of U.S. firms.

Clients include Universite de Montreal, Debardeurs de Montreal, Reynolds Aluminum and Marine Industries.

Andre Bineau, vice president-investment, is the chief investment officer; Jacques Nadeau, assistant vice president-pension funds, is the client contact.

W

M.K. Wong & Associates

2520-1066 W. Hastings St., Vancouver, British Columbia V6E 3X1; (604) 669-4555

Total assets managed	$960,000,000
Tax-exempt assets managed:	
Total	$900,000,000
Fully discretionary	$900,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	49
Types of accounts managed	CEFGU
No. of portfolio managers	4

The approximate mix of tax-exempt assets at M.K. Wong as of March 31 was 27% Canadian stocks, 47% bonds, 14% cash, 9% U.S. stocks and 3% mortgages.

The firm is a balanced manager. Its equity approach emphasizes sector rotation. Fixed-income strategies are based on interest-rate anticipation.

The firm has five clients that are the pension funds of subsidiaries of U.S. firms.

Milton K. Wong, president, is the chief investment officer and the client contact.

Curbs . . .

Continued from page 21

Ontario Municipal Employees Retirement System, the country's second largest pension fund with assets of $3.5 billion.

Mr. Beggs was a co-founder of the organization, which was formed in 1977.

"We believe more attention should have been paid to the investment, or asset side, as well as to the costs of the proposed pension benefit changes," he said.

The association's investment proposals are designed to broaden the investment opportunities for funds and, although the group doesn't say so explicitly, enhance the possibility for return. It also argues the proposals, if adopted, would enhance the safety of pension investments by loosening investment constraints now not always prudent. Among the proposed changes is an end to the ceiling on overseas investment.

Existing regulations, set by federal income tax law, limit such investment in the United States or other foreign nations to a total of 10% of a fund's assets. Mr. Beggs said funds pay an "onerous" fine for exceeding the limit.

The punitive foreign investment tax "does nothing to improve the safety of pension fund investments," the association said in its submission of proposals. "It is in fact detrimental to the goal of growth, because it discourages investment in foreign property that may yield a greater return than Canadian property."

In case the effort to end the ceiling fails, the association proposes to at least double the amount a fund can invest in foreign countries, to 20% of assets.

In interviews, pension fund managers expressed their desire to end or liberalize the foreign investment rule.

Most large pension funds "would like to move toward the American system of prudency, rather than having what's prudent spelled out for them (as in Canada)," said Roger V. Fisher, coordinator of investment services, treasurer's department, Imperial Oil Ltd.

At Canadian Pacific Ltd., G.H. Cloutier, assistant vice president, investments, said the 10% limit "doesn't give me elbow room."

In a related proposal, the association wants the Canadian government to press the United States to end the annual withholding tax, generally 15% and not refundable, on dividends and interest earned on U.S. investments.

An existing treaty to do just that has been signed, but not ratified, in the United States, said Mr. Beggs.

Canadian Pacific's Mr. Cloutier estimates the withholding costs the fund $1.5 million annually.

Such withholding is prevalent in other countries, but the problem is most severe with the United States because all but a fraction of Canadian pension funds' foreign investments are there.

The proposals also would end the separate restrictions of 7% of fund assets in each of real estate and such special investments as venture capital and oil and gas. Instead, it would combine the restriction into a basket limit of 15%. ■

Plans . . .

Continued from page 21

Retirement fund, said, "First of all, I am a money manager myself. I was trained by Scudder, Stevens & Clark (a U.S.-based manager). I am a chartered investment counselor. I've worked in money management all my life. I have a staff of 25 professionals. I think we do as good a job as anyone."

He declined, however, to release returns for the fund.

A closer focus on one of the funds — the CBC — provides a more detailed picture of the way in which funds using in-house management invest their assets.

Even though it is a crown, or government-owned, corporation, "We behave exactly as a private pension plan," said Mr. Lapointe, who, along with four others, manages investments for the CBC fund.

According to a 1983 Pension Finance Associates study of the capital markets coordinated by the Toronto Stock Exchange, most crown corporations have investment policies and allocations similar to private funds.

At the CBC, Mr. Lapointe said, the pension fund has about 9% of its assets in cash, 16% in mortgages, 25% in bonds, 3.5% in real estate, 36.5% in Canadian equities — including a small portion in venture capital and oil and gas properties — and 10% in foreign equities.

By comparison, the capital markets study, using data from 1981, found private pension plans have 37% of their assets in equities, including real estate, and 63% in fixed-income instruments, including bonds, mortgages and cash.

At the CBC, only 5% of its assets, or $44 million, are run by outside managers; all the money is in bonds and mortgages, and is handled by insurance companies.

The CBC, Mr. Lapointe said, has a basic strategy of trying to maintain an even split between fixed-income and equity assets.

In mortgages, for instance, the fund has a target allocation of 20% of assets, although it has slipped as low as 13%. "We tend to have more in mortgages than other funds," he said. By comparison, the capital markets study found private and public funds have, respectively, 14% and 9% invested in mortgages.

He said the fund will vary its bond allocation between 10% and 34% of assets. "You always have in a bond portfolio some that aren't liquid; so it's not practical to eliminate them all," he said. Some 65% of the company's bond portfolio is in government issues, provincial and federal.

Under regulations, pension funds can't own real estate outside Canada. Funds can invest only 10% of assets, based on book value, abroad in a combination of debt and equity. The CBC, as with other funds interviewed, puts all of the 10% in equities and, until recently, all of that in the U.S. capital markets. Now, it has a "small proportion" invested in Japanese stocks, he said.

Mr. Lapointe said venture capital investment is a small portion of the fund's assets. In supplying venture capital, the CBC takes a hands-on approach: "In some cases, one of us (from the pension fund) will be on the board of directors (of the fledgling company)."

He won't disclose specifics about the ventures, saying only the fund has four or five. By law, pension funds can hold no more than 30% of a new firm's equity.

As for investment returns, he said, "They've been pretty good." The fund's annual return for the past six years has been 17.1%, compared with an inflation rate of 9.2%, he said.

Aside from seeking a 3% return over the rate of inflation, he said, "the total fund tries to be above the median (return of pension funds) consistently. For the sixth year in a row, we have done that." ■

Companies	Tax-exempt assets ($ billions)
Great-West Life Assurance Co.	$ 4.9
Royal Trust Co.	4.5
Morguard Investments Ltd.	3.3
Beutel Goodman & Co.	2.5
Canada Trust Co.	2.4
Toronto Investment Mgmt. Inc.	2.0
Jarislowsky Fraser & Co.	2.0
Standard Life Assurance Co.	1.9
Confed Investment Counselling Ltd.	1.8
Phillips Hager & North Ltd.	1.8

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Shareholder organization proposed

By Steve Hemmerick

SACRAMENTO, Calif. — State Treasurer Jesse Unruh is asking public funds to support a national shareholder organization to review, and to possibly fight, corporate management decisions that would financially hurt the funds.

Such an organization could become a major force with which corporate executives would have to deal.

Seven California public funds, with about $50 billion in assets, met July 9 to discuss forming the organization, and a second meeting in New York for Eastern funds is being planned.

Through the proposed Council of Institutional Shareholders, fund trustees could act on such issues as greenmail, shark repellents, golden parachutes, executive perks and excessive salaries for top management.

For rapid communication among them, a telephone hot line has been proposed.

Some institutional investors have complained the power of corporate managers is unchecked. Robert A.G. Monks, U.S. pension administrator, has asked institutional investors to take a more active role in corporate decisions affecting the value of company shares.

But some supporters of the council contend group awareness of corporate decisions is needed because the vote of a single institutional investor has little impact.

At the first meeting, public fund represenatives agreed the council should deal with financial, not social, issues.

Among those attending the meeting were representatives from the California Public Employees' Retirement System, the California Teachers' Retirement System, the

Continued on page 35

Late news

California picks officer

SACRAMENTO, Calif. — Michael McLaren will quit as executive director of the Minnesota Public Employees' Retirement Association to become chief executive officer of the $12 billion California State Teachers' Retirement System Oct. 15. Mr. McLaren will replace corporate securities lawyer Rick Cohen, who directed the teachers'

Continued on page 2

Pensions & Investment Age

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Sinking EAFE: A stop sign or an opportunity?

Funds split on overseas moves

By Rose Darby

NEW YORK — Four companies recently hired international managers, but at least two others pulled back from overseas investing.

A 12.3% drop in performance of the Europe Australia Far East index during the second quarter prompted Tektronix Inc. to end its search for international managers.

The market drop was a signal the time isn't right to complete the selection of international managers, said Terry Clifford, director-pension investments at Tektronix. The company's pension fund had conducted a thorough search, then pulled the plug before hiring.

Texaco Inc. also ended its international manager search, although officials would not comment.

On the other hand, the same performance figures apparently did not deter four other firms from investing internationally.

The pension and employee benefit funds of Honeywell Inc., Bethlehem Steel Corp., Delta Air Lines Inc. and Eaton Corp. recently selected their first international advisers.

At Tektronix, "we decided it wasn't the right time to do international. We'd had in mind a different environment during the search," said Mr. Clifford.

"In May, we decided to bail out. We could see enough signs that international markets were slowing down, and cash was a better place to be at the time."

The manager search was conducted as part of a rethinking of asset allocation for the $225 million employee benefit fund, Mr. Clifford explained.

"We were looking for one manager, and it would have been our first international one," he said. "We had no predisposed notions as to whether they should be global, regional (such as a Japanese specialist manager) or international.

"We looked at a number of very good managers."

Instead, it was decided that two small-capitalization equity managers, Dimensional Fund Advisors of Chicago and Quest Advisors of New York, would be hired and funded with initial commitments of several million dollars each.

International is still an area of interest for the fund, but it could be the better part of a year before the search is resumed, Mr. Clifford added.

After conducting a six-month search, Texaco Inc. also decided to pull the brakes on international investing, according to money management sources.

Texaco, which has about $1.8 billion in pension and employee benefit assets, is said to have interviewed six to eight international advisers closely, and asked them to do presentations.

Texaco is thought to have been seeking to hire more than one manager in the firm's first foray into international investment.

The entire search process was completed when Texaco Inc. bought Getty Oil in mid-February for $10.1 billion. Then, shortly after the acquisition was announced, everything was tabled, according to sources. It is said Texaco has shelved any decision on international managers indefinitely.

Continued on page 33

Cash Management Directory – 1984

The cash management industry is thriving, and *Pensions & Investment Age's* second annual cash management directory reflects that growth. This year's section details major cash management banks and their services, service providers and associations throughout the United States and Canada. The section follows page 20.

Non-cash contributions get new twists

Eastern grounded in initial bid for pilots' plan debenture

By Kimberly Blanton

BOSTON — The Department of Labor sent Eastern Air Lines Inc. and its pilots back to the drawing board to redesign a debt security to contribute to Eastern's pension fund.

The debenture would replace the pilots' part of a $25 million cash contribution Eastern could not meet when due Sept. 15, 1983. The airline, which suffered a $28 million net loss in the first quarter, has asked the Internal Revenue Service to waive the contribution.

Lawyers for Eastern pilots and executives presented to the agency a proposal for a debt security to place in the pilots' half of Eastern's fixed benefit pension plan, according to Charles Dyer. Mr. Dyer is a pilot and trust administrative chairman and director of the pilots' variable pension plan, which is unaffected.

Mr. Dyer said the security is being remade because the Labor Department, which must approve unusual contributions, gave an informal opinion that it was unacceptable for contribution. He hopes they can rework the terms of the debt security and meet with the agency again soon.

The Air Line Pilots Association prefers something in writing from its employer. The Eastern pilots' $400 million share of the more than $800 million pension fund "is not the bank we want Eastern to borrow money from," he said.

Like the waiver, "it (the new security) is an IOU anyway, but I'd rather have it typed up and drawn up," Mr. Dyer said.

"We're realistic. We don't expect to get ahead of next month's gasoline or electric bill," he said, adding, "We are not going to stand by and condone in any way, shape, or form, these waivers."

The security that first was proposed was a seven-year note with a 9% interest rate. Mr. Dyer would not detail the Labor Department's objection to it, except to say "the interest rate was too low."

Linda Hamilton, a DOL staffer involved in talks with Eastern, also would not comment. Rolf Andresen, Eastern's treasurer, did not return calls.

Another DOL staff member said that in unique cases like this, the agency will give an informal opin-

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Venture cap draws Honeywell interest

By Kimberly Blanton

MINNEAPOLIS — Honeywell Inc. is contributing an interest in a venture capital partnership to its pension funds, the first known transaction of its kind.

The contribution will diversify existing venture capital holdings, said Robert Mall, vice president of pension investments.

Honeywell turned over a $10 million interest in New Court Partners, a New York venture capital limited partnership, to its pension trust. The interest will supplement the computer company's $89 million contribution for the year ended June 30, 1983.

Although a very small part of the plan's $1 billion assets, the interest will make up about 20% of the roughly $50 million venture capital investments already in the fund.

Mr. Mall said the transaction "was initiated by the pension investment committee," which includes himself as a non-voting secretary and five financial and operating executives.

"It's attractive for the pension fund because it gives us more diversification (in) our venture capital investments," he explained.

The value of the venture capital interest is roughly double the company's original $5 million investment.

Honeywell's application to the Labor Department to approve the transaction under the Employee Retirement Income Security Act probably will receive the agency's stamp of approval, a department spokesman said.

"I truthfully wouldn't see any problem with it," the official said. "We just read it as any other contribution case."

Honeywell joins other companies that have found unconventional ways to meet pension payments.

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EASTERN
Honeywell

New column

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STATISTICAL REFERENCE INDEX
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Libbey-Owens hires 5

By Chuck Paustian

TOLEDO, Ohio — Libbey-Owens-Ford Co. hired five managers, terminated two others and transferred $10 million into a global account in the first of two planned moves.

Libbey-Owens, with pension assets of $422 million, spread about $90 million among Batterymarch Financial Management, Boston; Delaware Investment Advisers, Philadelphia; Fidelity Management Trust Co., Boston; and Hotchkis and Wiley, Los Angeles.

The $90 million came from the termination of two balanced managers. W.E. Rose, director-retirement assets for Libbey-Owens, would not reveal which investment firms were terminated.

The changes will become effective Aug. 1.

Mr. Rose said the new managers will have full discretion over the types of investments made.

"Primarily, they are equity-oriented, but they have complete discretion to choose what they consider the best investment at the time," Mr. Rose said.

The four balanced managers listed in the 1984 Money Market Directory are: Chemical Bank, New York; IDS Advisory Group, Minneapolis; Putnam Advisory Co. Inc. and Putnam Fixed Income Advisors, Boston; and Fayez Sarofim & Co., Houston.

One of the released managers also ran a $57 million dedicated bond portfolio for LOF Glass, a subsidiary of Libbey-Owens. This portfolio has been awarded to Minton/Newbold's Capital Management, Philadelphia.

Mr. Rose also said $10 million was shaved from the $80 million account run by Capital Guardian Trust Co., in Los Angeles, and placed in that firm's global account.

The changes will alter the asset allocation at Libbey-Owens, emphasizing the equity position. However, Mr. Rose said this will be temporary. He could not give an exact asset allocation since managers have discretion to switch among various asset classes.

He said Libbey-Owens is planning another realignment in a few months that would return the balance to the asset mix.

"These (initial) moves will increase the equity position of the total portfolio, but in the long run, the balance will return," Mr. Rose said.

Rent on headquarters provides sweet return

DOL exemption for lease asked

By Barry B. Burr

PHILADELPHIA — The Tasty Baking Co.'s pension fund, already overfunded by 60%, wants to sweeten its pot of assets by continuing to lease the firm's headquarters to the company.

The lease would guarantee the fund a 12%-a-year return for 15 years on Tasty's plant and offices here. The property was appraised at $3.3 million.

The $37.9 million pension fund is seeking an exemption from the Department of Labor to continue the lease.

If the exemption from provisions of the Employee Retirement Income Security Act is approved, the company would pay the fund $396,000 a year under the terms of the lease, said Ron Examitas, general counsel and corporate secretary.

Biawanger Co., a real estate firm, in 1983 appraised the market value of the property at $3.3 million, according to the application for the exemption.

Tasty's pension fund continues to grow. In 1983, the latest figures, the plan was 60% overfunded, up from 36% the year earlier, said Walter Oschypko, assistant treasurer and assistant corporate secretary.

He attributed the overfunding to the plan's successful investment strategy.

Right now, he said, the plan is holding much of its assets — 43% — in cash equivalents.

"Isn't it the right place to be at this time?" Mr. Oschypko asked.

Money market funds, he noted, are yielding more than 9%. By contrast, in the first six months of the year, the Standard & Poor's 500 stock index fell 4.93%.

Many pension funds are reporting declines in their portfolios. Stackpole Carbon Co., Puerto Rico Telephone Co. and K mart Corp., which have from 45% to 80% of their assets in equities, reported declines of around 7% for the first half of the year.

As of the beginning of 1983,

The $37.9 million Tasty Baking pension plan is asking the DOL for an exemption from provisions of ERISA in order to continue leasing Tasty Baking's headquarters back to the company

Tasty had $33.9 million in assets, while the accumulated present value of its liabilities was $21.1 million, making it 60% overfunded on a termination basis.

Since then the assets have grown, and were at $37.3 million as of year-end 1983. Mr. Oschypko said newer liability figures are unavailable, but the plan still would be overfunded substantially.

Speaking about the surplus, Mr. Oschypko said, "We're cognizant there have been (by other companies) terminations and reversions (from overfunded pension plans).

"We're not worried about it."

The company has no plans to terminate the plan, he added.

Oppenheimer & Co., among other analysts, sometimes considers companies with pension surpluses, and thus sources of cash, possible takeover candidates. No one has suggested Tasty as such a target.

The company's equity structure might make a takeover difficult to achieve.

It has two classes of stock: class A, each share with one-tenth of a vote; and class B, with a full vote. Both classes paid 40 cents a share in dividends last year.

One broker said some companies, such as The New York Times Co., have different classes of stock with different voting power to make it more difficult to acquire control of the company.

The class B stock, with about 119,000 shares, 60% of which is controlled by the Baur family, has 70 holders of record. It is unlisted; recent over-the-counter reports showed no trades or price, a broker said.

Class A trades on the American Stock Exchange, and recently sold for $12 a share. With about 2.4 million shares outstanding, the stock has a market value of about $30

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Savings Bank in-house team loses two portfolio managers

By Rose Darby

NEW YORK — The $450 million Savings Bank Retirement System is losing its portfolio management team, but pension fund officials say in-house management will continue.

Edward J. Macheski, vice president of investments, and Sheila Peck, assistant vice president, have resigned to join Carret and Co. Inc., investment managers and broker dealers.

The moves were prompted by an attractive offer, rather than by dissatisfaction with the Savings Bank system, Mr. Macheski said.

"We're sorry to see them go; they did a good job for us," said Edward Kowatch, president of the system, which oversees $450 million for 110 thrift institutions.

Mr. Macheski and Ms. Peck were the only portfolio managers at the system.

They made asset allocation decisions, did their own trading and monitored performance for the $103 million intermediate-term bond fund and the $65 million core equity fund managed internally.

"We will continue to manage those two funds in-house," Mr. Kowatch said.

He said system officials will be meeting with the fund's consultant, Hewitt Associates, to determine the strategy for filling the two positions.

Mr. Macheski will be senior vice president and Ms. Peck will be vice president at Carret.

The two will begin their duties at the firm in early September, said Gerard O. Carret, executive vice president.

"They don't have exactly the same style as we do. However, we have always felt that there's more than one way to make money in this business," Mr. Carret said.

While Mr. Macheski and Ms. Peck's initial work will be doing portfolio management for Carret's existing accounts, the two will be targeting their efforts toward attracting pension fund business, he continued.

One of their first efforts in pursuit of that goal will be to design a marketing presentation to pension funds and corporate customers, he said.

Carret and Co. manages $130 million. About $45 million of that is pension and profit-sharing assets of seven clients, Mr. Carret explained.

Among the largest pension accounts under management are the Handy & Harman employee benefit plans, one of which totals $28 million, he said. The remainder of the assets under management are private trusts and individual accounts, he added.

Mr. Macheski and Ms. Peck are thought to have contributed strongly to the streamlining and modernization of the management of the savings bank's fund that took place during the past two years. ■

Late news

Continued from page 1

system during its transition from internal to external management.

Mr. Cohen said as many as five fixed-income managers, a mix of fixed-income market timers and "long bond" managers, could be selected by the end of July.

The fund also hired Arnold Mattay, formerly senior portfolio manager with San Diego Trust & Savings Bank, to monitor fixed-income external managers, and Dorthea Dutton, formerly manager of fixed-income investment for First Interstate Bank of Oregon, to run an in-house, short-term investment fund.

Pan Am case settled

NEW YORK — In an out-of-court settlement, Bankers Trust Co. agreed to pay Pan American World Airways $265,000 in a case involving misplaced checks.

A judge in the Appellate Division of the State Supreme Court had ruled Bankers Trust was liable to pay $250,000. Bankers was appealing that decision when the settlement was reached.

The misplaced checks, representing payment on an aircraft leased from Pan Am by a leasing concern, accidentally were left in a teller's drawer at Bankers Trust's branch in Old Tappan, N.J. The checks were taken to the branch on Nov. 14, 1978, but they were not processed until Dec. 22.

During that same period, the Canadian aircraft leasing company, Maverick International, failed, leaving insufficient funds in its account. As a result, Pan Am took a $350,000 loss.

Late money movers

• TOPEKA, Kan. — The $1.8 billion Kansas Public Employees Retirement System has committed $20 million to buy securities backed by adjustable rate mortgages originating in Kansas.

• CHICAGO — Midcon Corp., Chicago, has hired Eberstadt Fund Management Inc., New York, to run a high-yield bond account.

• AUSTIN, Texas — The $8.5 billion Teacher Retirement System of Texas has placed a $60 million participating mortgage on First City Centre here.

• PHILADELPHIA — Consolidated Rail Corp.'s $500 million pension fund hired its first international managers: Baring International Investment Ltd., London, and Capital Guardian Trust Co., Los Angeles, each of which will manage $12.5 million.

Personnel changes

• MIDLAND, Mich. — Hansjoerg "Jack" Broser is replacing Ron Sexton as treasurer of Dow Corning Corp. Mr. Broser has been director of marketing for Europe at Dow Corning's office in Brussels, Belgium. He will head the investment committee for the $115 million. Mr. Sexton has been named vice president-controller.

• SAN FRANCISCO — Joe Midwood has been named director of fixed-income management at Crocker Investment Management Corp., San Francisco. He had been director of equity research there.

• CHICAGO — John I. Finnerty, chairman of the fixed-income strategy group, and two others in the trust department of Continental Illinois National Bank & Trust Co. of Chicago resigned, the bank said.

The others reportedly are Jon Holsteen, portfolio manager-balanced investments, and Terry Dennison of the technology group.

• NEW YORK — John Cosgrove, vice president and chief fixed-income manager at Bank of New York, joined Chase Investors Management as a vice president.

Mr. Cosgrove, who will run bond portfolios for Chase, spent three years in the top bond spot at Bank of New York.

• WASHINGTON — Dennis Stattman, the investment officer responsible for overseeing domestic equity managers at the $1 billion World Bank Staff Retirement Plan, is leaving to join Meridian Management in Little Rock, Ark.

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Corporate Finance

Managed $9 billion in debt issues

Salomon Bros. trounces competition

By Kimberly Blanton

NEW YORK — Salomon Brothers Inc. trounced the rest of Wall Street, acting as lead manager for $9.166 billion debt issues in the first six months of 1984.

If Salomon looks over its shoulder, however, it will see Drexel Burnham Lambert Inc. has again moved up in the debt ranking, resting at third place among lead managers, according to data supplied by Securities Data Co, Inc.

The $9.166 billion in 75 debt underwritings in which Salomon was lead manager is more than double that of the No. 2 firm, First Boston Corp., which was lead manager for 27 deals worth $3.997 billion equities (52 deals). Drexel Burnham ranked third, acting as lead manager of $3.046 billion, according to Securities Data (*See table*).

Securities Data tallies the net proceeds, not principal value, of all domestic public offerings of securities. It excludes debt-equity swaps and best-effort deals.

In the first half of 1984, corporations raised $33.034 billion in 646 issues in the domestic public debt and equity markets.

The debt market was more active than equities, but both recorded levels below last year. Companies raised $26.656 billion through 311 debt offerings in the first six months of 1984, down from $32.261 billion the first six months of 1983.

Stock market activity fell precipitously.

In 301 issues of common stock, corporations raised $4.160 billion, well below the $21.219 billion raised in the first six months of 1983.

There were only 34 issues of preferred stock, which brought in $2.218 billion, down from $5.636 billion in 1983.

Amid this sluggish market for equities, Goldman, Sachs & Co. emerged first, with $1.345 billion in 17 deals, when credit is given only to lead equity manager.

Goldman, Sachs was followed by Morgan Stanley & Co. ($801 million in 14 deals), First Boston ($596 million in 9 deals), Salomon Brothers ($497 million in 10 deals) and Drexel Burnham ($412 million in 15 deals).

Giving credit to all managers in equity deals, Merrill Lynch Capital Markets was first with $1.659.5 billion in 32 deals. Second was Goldman, Sachs ($1.511 billion, 21 deals), followed by Salomon Brothers ($1.509 billion, 17 deals), Shearson Lehman/American Express ($1.356 billion, 23 deals) and First Boston ($1.213 billion, 18 deals).

Salomon topped not only the list giving credit to lead debt manager, but also that when each manager is credited.

When credit is given to all managers, Salomon underwrote 106 debt issues worth $13.416 billion. First Boston followed with $8.440 billion (77 deals); Merrill Lynch ($8.403 billion, 83 deals); Goldman, Sachs ($6.960 billion, 56 deals) and Shearson Lehman/Amex ($3.768 billion, 46 deals).

Salomon's tremendous volume in the debt markets pushed it to first place when debt and equity underwriting are combined. Salomon raised a total of $9.663 billion in 85 issues when credit is given only to lead manager, and $14.924 billion when all managers are credited.

Some on Wall Street believe Salomon dominated underwritings in the January to June date because

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Net proceeds from domestic issues
($ millions)

Security	First 6 mos. (1984)	First 6 mos. (1983)
Bonds	$26,656	$32,261
Common Stock	4,160	21,219
Preferred stock	2,218	5,636
Total	$33,034	$59,116

Source: Securities Data Corp.

Domestic debt underwritings
Lead manager first 6 mos. 1984
($ millions)

Salomon Brothers	$9,166.0
First Boston	3,996.7
Drexel Burnham Lambert	3,045.9
Shearson Lehman/Amex	2,313.0
Goldman, Sachs	1,825.8
Merrill Lynch	1,804.3
Prudential-Bache	909.0
Paine Webber	884.8
Morgan Stanley	790.4
Dean Witter	684.3

Domestic equity underwritings
Lead manager first 6 mos. 1984
($ millions)

Goldman, Sachs	$1,344.9
Morgan Stanley	801.1
First Boston	595.7
Salomon Bros.	497.2
Drexel Burnham Lambert	412.1
Merrill Lynch	395.7
Kidder, Peabody	263.9
Shearson Lehman/Amex	223.3
Paine Webber	177.4
Lazard Freres	172.5

'Kicker CAPS' offering makes financing debut

NEW YORK — Morgan Stanley & Co. has added a new twist to convertible adjustable rate preferred stock that makes it a cheaper means of raising equity for corporations.

The new security offers an equity kicker to investors. It has made its debut through a $50 million offering by Ohio Edison Co. in Akron.

Convertible adjustable rate preferred stock with equity kickers, dubbed kicker CAPS, enables buyers for the first time to make a profit on their investments when they convert the preferred security into common, said John Erdman Jr., principal at Morgan Stanley.

Because of the upside potential, Mr. Erdman said, corporations can offer a lower dividend rate and higher conversion premium on the security, making it a cheaper form of financing.

Peter Burg, Ohio Edison's treasurer, said it was the lower financing cost, as well as the potential for a new source of funds, that prompted the company to try out the new security.

Ohio Edison is issuing 2 million shares at a par value of $25 a share. The proceeds of the offering will be used for its general construction program.

The issue was still being priced last week. But depending on its rating, a company offering the new security could reduce financing cost by "150 to 300 basis points after taxes, compared to conventional CAPS and 300 to 500 basis points compared to ARPS (adjustable rate preferred stock)," said Mr. Erdman. The Ohio Edison offering is rated BAA3 by Moody's Investors Service and BB by Standard & Poor's Corp.

Like conventional CAPS, also pioneered by Morgan Stanley and first offered last September by Consolidated Foods Corp., kicker CAPS are priced at a "benchmark rate" or a certain percentage below one of three Treasury rates. Specifically, dividends are tied to the highest of the 90-day, 10-year or 20-year Treasuries, and the rate is reset quarterly.

Originally designed to overcome the volatility and liquidity problems that had besieged ARPs, conventional CAPS were designed to trade at par, by reserving the issuer's right to change the benchmark rate at each reset date.

Also, the security offered limited downside protection on conversion by allowing CAPS to be swapped normally for an equal dollar amount of company common. A CAPS of $100 par value could convert to two shares of $50 common, for example.

While the new security retains these features, Mr. Erdman said it could trade above par because of the equity kicker added to the security. What Morgan Stanley has done to create the equity potential, is give investors the ability to trade in their CAPS for a minimum number of common stock shares, he said.

Although conventional CAPS convert to company stock based on a fixed dollar amount, issuers also set a maximum number of shares that investors can get for CAPS.

But that ceiling applies only when a company's common stock is on the decline. Thus, if the maximum is set at four shares, investors can only convert $100 par value CAPS into four shares of common when the stock hits 25 or below. At the same time, the fixed-dollar conversion rate prevents investors from converting CAPS into more than $100 of common shares when the stock is trading above 25.

The new version of CAPS still imposes a maximum conversion rate for downside protection. The addition of the minimum conversion rate triggered only by gains in

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Medium-term note issues offer financing continuum

By Kimberly Blanton

NEW YORK — Medium-term notes fast are becoming integral to the financing programs of automobile finance subsidiaries and other companies.

Companies have started medium-term note programs in excess of $4 billion so far this year, a level approaching the $5 billion mark for all of 1983. These statistics come from Merrill Lynch Capital Markets, the dominant dealer in this market.

These levels surpass the $3 billion programs started in 1982 and the less than $1 billion in 1981.

The name Wall Street has attached to these securities, medium-term notes, is deceiving. It is not simply a generic debt issue with a middle-range maturity.

What distinguishes medium-term notes is that, through an investment banker, a company can issue them continually over time — much like commercial paper — instead of a one-time issue.

Finance and leasing companies view medium-term notes as an extension of their commercial paper programs because they have access to the market without having to hire an underwriter and form a syndicate every time they raise capital.

Although financial concerns have been the biggest issuers of medium-term notes, some industrial companies have found uses for them. Last week, United States Gypsum Co. announced a $100 million program for medium-term notes with maturities from nine months to 10 years.

Medium-term notes have the problems that attend a new security, however. The execution of sales of medium-term notes is not as smooth as it is in the well-worn commercial paper market, and the secondary market for the notes is not fully developed.

Several major finance companies are doing their part to foster the market's development, including Dart & Kraft Financial, John Deere Credit Co., McDonnell Douglas Finance and Mellon Financial Co.

Companies view medium-term notes as an extension of their commercial paper programs because they have access to the market without having to hire an underwriter and form a syndicate every time they raise capital

"It has gotten to be a very big piece of our business," confirmed Marvin Runyon, supervisor of funding for the Ford Motor Credit Co. Of the $2.7 billion long- and intermediate-term notes Ford Credit has sold this year, medium-term notes made up $1.7 billion, Mr. Runyon said.

About $300 million of Chrysler Financial Corp.'s recent $1.5 billion shelf registration June 27 was in medium-term notes.

The recent surge in medium-term issues can be explained partly by the rise in long-term interest rates.

Medium-term notes can be issued with maturities between nine months and 15 years, but typically are less than five years.

"What they (medium-term note issuers) are really trying to do is avoid going long until the business cycle reverses" and long-term rates fall, explained Jerry Wigdortz, vice president of Salomon Brothers Inc. Salomon comanaged General Motors Acceptance Corp.'s medium-term note program with Merrill Lynch, and has been involved in other programs.

Although finance companies are responding to the market, medium-term notes meet permanent financing needs as well.

"Our experience has been such that rather than using medium-term notes strictly on an opportunistic basis, issuers are using them as an integral financing source," said Rick Fuscone, managing director at Merrill Lynch.

Finance company executives say they like medium-term notes because they can be in that market continually, and aren't held to one large issue at one interest rate.

Medium-term notes provide "a lot more flexibility with a lot less risk," explained David Robinson, treasurer of Chrysler Financial.

"What's neat about them is that you can sell smaller lots more continuously," said a financial analyst at the leasing subsidiary of a conglomerate.

"You don't have the one-time interest-rate risk of one issue, and for a company like ours that's growing fast and steadily, we can take the funds as we need them."

Also, financial executives are beginning to take a close look at ways to match maturities on their liabilities with those on assets.

Medium-term notes, along with other financial devices like futures, provide a way to match maturities on both sides of the bal-

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New issues of corporate securities

June 25 — July 6, 1984

Issue date	Company	Amount ($ mil.)	Type of security	Offering price Debt (%) Share ($)	Gross spread as % offer price	Where traded (to list)	Managers
6/26	BankAmerica	200.00	Fltg. Sub. Note	99.38%	0.604	NY	SAL/PAINE-W/FBC/GS/MLCM/DWR*
6/26	Cleveland Electric	50.00	First Mortgage	99.10%	0.631	OTC	MorganStanley/Shearson/Prudential-Bache/Salomon
6/26	First Texas Savings Assoc.	65.00	Fltg. Sub. Deb.	100.00%	4.000	OTC	Drexel Burnham Lambert
6/26	Shaughnessy Development	35.00	S.F. Deb.	100.00%	4.000	PH	Drexel Burnham Lambert/Sherson Lehman-Amex
6/26	Flagler Bank	5.70	Common	$12.00	8.000	IPO	Chicago Corp.
6/26	James River Corp. of Virginia	54.08	Common	$27.25	4.128	NY	Kidder/Scott & Stringfellow/Wheat, First Securities
6/26	Toledo Edison	45.75	Common	$15.25	4.393	NY/MW	Merrill/First Boston/Prudential-Bache/Dean Witter
6/26	Louis Vuitton	15.47	Common	$15.00	7.267	IPO	Becker/Bear Stearns
6/27	Home Depot	75.00	Cvt. Sub. Deb.	100.00%	2.500	NY	Bear Stearns/Merrill (books)/Invemed
6/27	PO Folks	18.50	Cvt. Sub. Deb.	85.00%	3.529	OTC	Kidder Peabody/Alex. Brown
6/27	Zytrex	5.55	Common	$4.62	9.001	OTC	Sherwood
6/28	W.H. Brady	12.50	Common	$20.00	7.000	IPO	Wm. Blair/Robert W. Baird
6/29	Colonial Bancgroup	6.87	Common	$11.00	7.545	OTC	Merrill Lynch/Keefe, Bruyette
7/3	Salomon Bros. Mortgage Sec. II	150.00	FN-FH CMO	44.25%	1.977	NY	Salomon Bros.
7/3	Salomon Bros. Mortgage Sec. II	195.00	FN-FH CMO	70.50%	0.957	NY	Salomon Bros.
7/3	Salomon Bros. Mortgage Sec. II	130.00	FN-FH CMO	77.50%	0.806	NY	Salomon Bros.
7/3	Salomon Bros. Mortgage Sec. II	275.00	FN-FH CMO	90.19%	0.554	NY	Salomon Bros.
7/3	Coastal Savings Bank	5.03	Common	$7.37	7.254	IPO	Prudential-Bache/Burgess & Leith
7/5	Guaranteed Mortgage II	20.35	Col. Bond	100.00%	3.500	OTC	Blunt Ellis & Loewi
7/5	Alternacare	8.77	Common	$6.75	8.222	IPO	Becker-Paribas/Dean Witter
7/5	Comdata Network	10.90	Common	$15.00	4.267	OTC	J.C. Bradford
7/6	Triangle Industries	100.00	Fltg. Sub. Note	100.00%	4.000	OTC	Drexel Burnham Lambert

Source: Securities Data Corp.

Col.: Collateralized
Cvt. Sub. Deb.: Convertible Subordinated Debenture
Fltg. Sub. Deb.: Floating Subordinated Debenture

FN-FH CMO: Fannie Mae-Federal Home Collateralized Mortgage Obligation
S.F.: Sinking Fund

IPO: Initial Public Offering
MW: Midwest Stock Exchange
NY: New York Stock Exchange
OTC: Over the Counter
PH: Philadelphia Stock Exchange

*Salomon/Paine Webber/First Boston/Goldman, Sachs/Merrill Lynch/Dean Witter

Salomon Bros. trounces . . .

Continued from page 25

they are such big players in mortgage-backed securities.

"The mortgage market is part of it," admitted one investment banker at Salomon. "But I think the competition likes to point its finger at us and say (mortgages) distort those statistics."

Salomon is also first if mortgage securities are excluded, he said, partly because of the company's work with financial service companies.

Salomon, for example, was lead manager for Travelers Insurance Co.'s issue of $1.25 billion issue of collateralized bonds.

Salomon's activity is not surprising, but Wall Street is taking note of Drexel Burnham, which continues its persistent climb up the rankings.

Drexel Burnham fell in at sixth place for $3.099 billion debt issues for which it was lead manager in the first six months of 1983. A year later, the company has moved up to No. 3, nudging out Goldman, Sachs; Merrill Lynch; and Shearson Lehman/Amex.

Frederick Joseph, head of Drexel Burnham's corporate finance group, denied suggestions his firm's recent rise is due strictly to its work among companies that issue lower-rated bonds. He said the firm's business just "grows faster in the tougher markets." In 1981, another "tough market" in which Drexel placed $2.112 billion, the company secured ninth place for full credit to lead manager, up from 13th in 1980, he said.

According to the firm's own calculations, Drexel Burnham's share of issues by high-yield companies was 17% in the first half of 1984, against a 13% stake in 1983. Drexel Burnham said it managed $3.206 billion of the $4.616 billion high-yield issues this year, against $2.452 billion of the $4.112 billion issues in the first half of 1983.

Drexel Burnham has, nevertheless, picked new high-yield clients, including United Brands Co., which hired the investment banker as lead manager of its first long-term debt issue in 10 years. In early March, United Brands issued $100 million senior subordinated debentures. ■

Ohio Edison 'kicker CAPS' . . .

Continued from page 25

company stock prices, however, gives investors the potential to trade in CAPS for more than their original par value, according to Mr. Erdman.

For example, if company common stock is trading at 50, the company could issue kicker CAPS convertible into a minimum of 1.6 shares and a maximum of four shares.

If the common rises to 100, investors could trade their $100 CAPS for $160 worth of common, making a $60 profit on the deal.

At the same time, should the stock fall to 25, investors could swap their CAPS for the maximum four shares, or $100, of common.

Although there's no guarantee CAPS investors won't lose money if company stock falls too much, Mr. Erdman said that risk is small. Common prices would have to fall more than 50% before the risk of losses was imminent.

Moreover, CAPS issuers can change the maximum quarterly should stock prices warrant it.

There's also no guarantee investors in the new security will make money on the upside since the minimum conversion rate is set at a level that provides a profit only after company common has risen appreciably.

Mr. Erdman explained that with that rate at, say, 1.6 shares and company stock trading at 50 at the outset of a kicker CAPS offering, the common stock would have to climb to 62½ before investors could make money on a $100 CAPS conversion.

Mr. Erdman said the new security is expected to draw interest from new types of investors.

Buyers of CAPS largely have been corporations attracted by the promise of high after-tax yields stemming from the 85% dividends exclusion allowed corporate investors. ■

Medium-term notes offer . . .

Continued from page 25

ance sheet.

For example, the leasing subsidiary uses medium-term notes to match maturities on medium-term automobile leases.

Viewed as an extension of commercial paper issues, the medium-term notes have some of the problems of a young market.

It's still easier for a top-rated company to raise $50 million worth of six-month commercial paper than $25 million at 24 months, explained one investment banker.

"You're in that never-never land between long bonds and money market instruments," he said.

Also, trading in the secondary market is predictably light.

Dealers in medium-term notes such as Merrill Lynch and Salomon are doing what they can to improve the liquidity in medium-term notes.

But Salomon's Mr. Wigdortz admitted, "I believe anytime you've got a market under evolution and only (a few) major dealers involved . . . you're not going to have the secondary market liquidity."

Another feature of medium-term notes, which can be sold publicly or privately, is their design can vary.

Most of the issues of medium-term notes have been with a fixed interest rate, although Chrysler's recent program offers variable-rate notes that float with the London interbank offered rate, or LIBOR. Chrysler is using the floating-rate notes to offset a lot of fixed-rate financing on the books, Mr. Robinson explained.

Chrysler's floating-rate, medium-term notes also will match assets that have floating interest rates, he said. ■

Corporate notes

Mixed reviews given

NEW YORK — The presidents of about half the companies surveyed recently were unhappy with their underwriters when taking their companies public.

Forty-eight percent of the 189 presidents of newly public companies surveyed by Lobsenz-Stevens Inc. believe their underwriters did not do all they could for the company during the initial public offering.

About the same number, 49%, were happy with the work. All these firms have gone public in the past five years. Fifty-one percent said they would use the same underwriter again, and 44% said they would not.

Despite some dissatisfaction with underwriters' services, however, 92% of the presidents said they do not regret taking their companies public, while only 8% would not go public if they were faced with the decision again.

Also, 79% of them said the initial offering price of their stock was higher than or about what they expected, and only 21% thought the price was too low.

'Who's Who' printed

TIBURON, Calif. — Who's Who of Corporate Acquisitions now is available from Tweed Publishing Co.

The book, compiled by James Mahoney, is a directory of active corporate acquirers, investment bankers and other firms that specialize in arranging mergers and acquisitions.

The reference book lists companies seeking new acquisitions and details on what they are looking for, past purchases and the finance executives responsible for mergers.

H&Q expands office

BOSTON — Hambrecht & Quist of San Francisco has placed the first corporate finance specialist in its Boston office. Robert Whelan, who left A.G. Becker/Paribas in March to join Hambrecht & Quist as a principal, will head corporate finance in Boston.

The expansion by Hambrecht & Quist, which specializes in technology companies, "is in line with what we're doing on the East Coast, expanding our corporate finance operations" to serve companies it already has taken public and to raise venture capital financing, Mr. Whelan explained.

Jarrell appointed

WASHINGTON — Gregg A. Jarrell has been named chief economist of the Securities and Exchange Commission. He succeeds Charles C. Cox, who was appointed an SEC commissioner last December.

Dan W. Schneider has been appointed deputy associate director of the commission's division of market regulation. He will work in the office of self-regulatory oversight and market structure.

Extendibles sold

ENGLEWOOD CLIFFS, N.J. — CPC International Inc. sold $75 million of extendible notes to a small group of institutional investors, Bruce Walter, assistant treasurer, confirmed.

An issue most suited to frequent borrowers such as financial companies, extendible notes are apparently becoming an option for non-financial concerns. Hospital Corp. of America filed to issue $75 million of extendible notes; the owner and operator of hospitals has not gone to market with the securities (*Pensions & Investment Age*, June 11).

CPC International, a major food company, issued extendible notes to convert to fixed-rate debt part of its outstanding commercial paper, which is continually rolled over and floats with interest rates, said Mr. Walter.

The company did not want to lock in a rate that was too long term, however. In four years, CPC International has the option of renewing the extendibles up to three more years.

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Pensions & Investment Age

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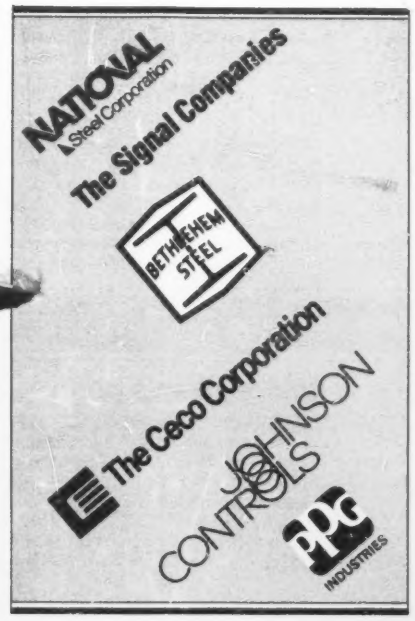

Pension funds sell off stocks

High rates spur dedications

CHICAGO — Dozens of corporate pension funds are establishing dedicated bond portfolios to lock in current high interest rates.

Chrysler Corp., Bethlehem Steel Corp. and Signal Cos. Inc. alone sold equities approaching $2 billion to set up such funds, and could have contributed to the weakness in the stock market in recent months (*see Chrysler story, page 4*).

Officials of Ceco Corp., Johnson Controls Inc., Dayton-Hudson Corp., National Steel Corp., GATX Corp., McGraw-Edison Corp., Peabody Coal Co. and PPG Industries Inc. confirmed they, too, entered the bond market with new or additional immunized fixed-income investments during the first half of 1984.

These 11 firms represent only the tip of what Wall Street observers say is a very large iceberg.

"You're going to see a lot happening in the next six to eight months," said Alan Bankart, senior vice president of the fixed-income group of Putnam Fixed Income Advisors.

Pension fund sponsors' attention is drifting back to the bond market. There, they have tied up the current real interest rates of 10% — 13% nominal rates minus 3% inflation — with dedicated portfolios, a type of immunization.

Immunized and dedicated portfolios first appealed to companies in basic industry during the height of recession in 1982, when long-term interest rates were well above 15%. When rates dropped, interest waned.

This time around the interest-rate cycle, more funds are signing up.

It is becoming apparent to the investment community this could occur every time interest rates rise.

Some have suggested the greater popularity of these passive investment techniques poses a threat to active bond management.

The appeal of dedicating is, in theory, that it enables funds to:

• lock in high rates of return, reducing unfunded liabilities and future pension contributions.

• capture much of the gain made in the markets in the past five years.

• eliminate volatility in the market value of the pension fund.

A few companies have held enormous sales of equities to set up these bond portfolios. For many more companies, however, dedication involves a rejuggling of bond holdings or adding to an existing immunized portfolio.

Signal Cos. "sold every stock we owned," and set up a $700 million dedicated bond portfolio to be managed by Signal's own staff with the help of Wilshire Associates Inc., according to Walter "Sandy" Sandborn, vice president.

After Signal's merger with Wheelabrator-Frye Inc., the numerous "unwieldy" plans were consolidated and benefits were improved for many employees, and a dedicated

Continued on page 63

Manville looks to futures

By Kimberly Blanton

James Neill

DENVER — Manville Corp. chose Leland O'Brien Rubinstein Associates Inc. to use futures to adjust the asset mix of its entire investment portfolio.

Manville's managers — Morgan Guaranty Trust Co., Scudder, Stevens & Clark, MacKay-Shields Financial Corp., Centerre Trust Co. and Rogers, Casey & Barksdale Inc. — will not be affected.

Rather, Leland O'Brien Rubinstein will overlay a futures strategy of selling U.S. Treasury bond and Standard & Poor's 500 stock index futures when the markets drop a certain percentage. The portfolio is evaluated frequently and adjusted as the market dictates.

A future is the right to buy or sell at today's price a security at a future date.

(Manville's treasurer, James Beasley, and James Neill, director of trusteed benefit funds, explain the strategy's advantages on page 35.)

In using futures, the program represents a twist on Leland O'Brien Rubinstein's original strategy, known as dynamic asset

Continued on page 64

Standard Oil seeks approval for venture-cap contribution

By Kimberly Blanton

CLEVELAND — Standard Oil Co. (Ohio) plans to transfer interests in three venture capital partnerships from its corporate coffers to the pension fund, where company executives believe the interests will be put to better use.

Limited partnership interests in Advent, Brentwood Associates and Menlo Ventures Partners, with a combined $7.6 million value, will be a substitute for less than 10% of the company's 1983 cash contribution to its pension fund. Standard has applied to the Department of Labor for a prohibited transaction exemption.

In late June, Honeywell Inc. also proposed to contribute a venture capital partnership. If granted Labor Department approval, Honeywell will contribute a $10 million interest in New Court Partners, a New York venture capital partnership (*Pensions & Investment Age*, July 23).

Last year, Corning Glass Works received Labor Department approval to contribute a $3 million venture capital investment in Mayfield Partners' third fund.

The contribution of venture capital interests might become more common if companies have the same experience Standard Oil (Ohio) has had.

Michael Williams, assistant treasurer for Standard, said a "confluence" of events led to the transfer of venture capital to the $800 million pension portfolio from the company.

"It's a great investment and just didn't satisfy the corporate objectives, and we think it will satisfy ours (the pension fund's)," Mr. Williams explained.

After a review of its investment policy last year, fund trustees decided to expand the investment portfolio to include venture capital. At the same time, the company realized its venture capital interests had not provided the intended "window on technology," Mr. Williams explained.

> *It's a great investment and just didn't satisfy the corporate objectives, and we think it will satisfy ours (the pension fund's)*
> *— Michael Williams*

Standard Oil's "investments (in venture capital) worked very well, but what they really wanted was to

Continued on page 65

Late news

BAIMCO appoints

SAN FRANCISCO — Thomas Kelley and Harold Warner, executive vice presidents in charge of equity and fixed-income portfolio management respectively, have been named to replace Robert Wade at BA Investment Management Co.

Mr. Kelley has succeeded Mr. Wade as chairman and chief executive officer of the Bank of America Corp. subsidiary.

He also was named chief investment officer of Bank of America's trust division.

Mr. Warner was named president and chief operating officer.

Both men also continue in their capacities as directors of stock and bond management, Mr. Warner said.

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AT&T reviewing oil, gas

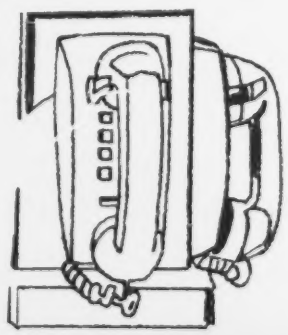
By Fred Williams

NEW YORK — The $61 billion American Telephone & Telegraph Co. pension fund might expand its oil and gas investments by year-end following an evaluation of its existing oil and gas portfolio.

AT&T, which already has about $100 million invested in various direct oil and gas exploration and drilling programs, is reviewing its oil and gas portfolio to determine how well it has performed and measured up against original expectations, according to Tom Judge, AT&T division manager.

He is responsible for non-traditional investments at AT&T and monitors some of the firm's traditional investment managers as well.

"We are taking a hard look now at our oil and gas holdings, . . . our



experience, and trying to relate that to what our expectations were," he said.

"We are looking at all the research and analysis to see if it is doing what we expected it to do. It's kind of up in the air now, but I would hope by the end of the year we will have a decision on expanding the program or what we will do," said Mr. Judge.

"My gut feeling is that we may put some more money into oil and gas."

He said AT&T does not manage any of its oil and gas portfolio internally. "It's a whole other world that needs full-time direction. We don't do any of it ourselves," he said.

Mr. Judge declined to list specific

Continued on page 65

Morgan forgoes Teamster trading

By Barry B. Burr

NEW YORK — A desire to manage the $1.7 billion equity portion of the almost $5 billion Teamsters Central States pension fund and pressure from the brokerage community led Morgan Stanley & Co. to drop plans to handle brokerage for the fund.

Because Morgan Stanley is the named fiduciary of the fund, it will need an exemption from the Department of Labor to manage the equity assets, and would have needed another to handle the brokerage. Morgan Stanley was concerned that seeking an exemption for the brokerage might have complicated the application for the investment management exemption.

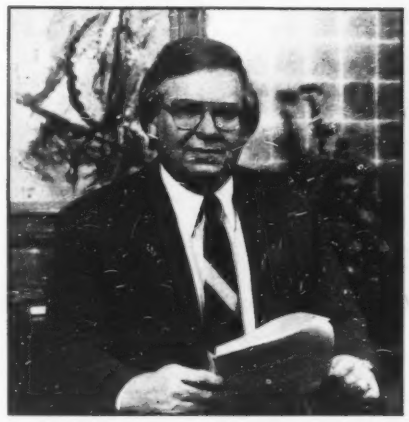
The decision not to seek the brokerage will cost Morgan Stanley a potential source of revenue from the Central States, Southeast & Southwest Areas Pension Fund.

In becoming named fiduciary in January, giving it authority to determine the investment strategy, Morgan Stanley said it would handle much of the brokerage services for the fund.

To do so, it would require an exemption under the Employee Retirement Income Security Act because of the potential conflict of interest of the named fiduciary dealing with itself to handle brokerage.

But Barton M. Biggs, chairman of Morgan Stanley Asset Management, said his firm decided not to pursue the brokerage exemption. Instead, it will concentrate on gaining approval to appoint the unit as manager of the equity portion of the Central States fund.

"There is enough going on with the application with the Department of Labor" for the exemption allowing it to become the equity manager, Mr. Biggs said.



George Lehr, left, executive director of the Teamsters Central States, Southeast & Southwest Areas Pension Fund, and Barton M. Biggs, chairman of Morgan Stanley Asset Management

"The main reason we dropped (the brokerage bid) was because we didn't want to add to the complexity of the already complex application," he added.

George Lehr, executive director of the fund, said the brokerage decision would have no effect on the fees Central States pays Morgan Stanley as named fiduciary, or potentially as equity manager.

Initially, he said, Morgan Stanley proposed to base its fees for services

Continued on page 64

Hires 3 for venture cap, 1 for realty

Pacific Lighting adds 4 managers

By Rose Darby

LOS ANGELES — Pacific Lighting Corp. has added three venture capital managers and one real estate manager as part of its planned restructuring.

Robert J. Salvaria, assistant treasurer, said the roughly $400 million pension fund picked the venture capital partnerships of Dougery, Jones & Wilder, San Francisco; Burr, Egan, Deleage & Co., Boston; and Summit Partners, Boston, and has begun funding each.

"We have allocated a total of 3% of the fund's total assets to venture capital in general," he added. That amount will be divided among the three new partnerships and two existing venture capital managers, U.S. Venture Partners and Alpha Partners, both of Menlo Park, Calif., said Mr. Salvaria.

Pacific Lighting also hired Heitman Advisory Corp. of Chicago to run its first separate real estate account. Heitman will receive an initial commitment of $35 million, he said.

The plan already invests in two real estate commingled funds managed by Aetna Life & Casualty and Citibank Real Estate Investment Management.

Those investments will be continued as a core real estate portfolio, with approximately $35 million between the two funds, he said.

"We're trying to keep an allocation of about 15% of the total portfolio in real estate at all times," Mr. Salvaria said.

A search for international investment advisers has yet to be made, he said.

The new selections follow a round of equity hirings in late spring, which were the first leg of the restructuring (*Pensions & Investment Age*, May 14). The moves were designed to streamline investments and improve performance.

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Poor returns spur shifts

By Barry B. Burr

RENO, Nev. — Abandoning a strategy that emphasized current income and produced dismal returns, the University of Nevada reshuffled most of its $20 million endowment, hiring two managers, firing two and reducing the commitment to another.

The move has not been a politically popular one, an official said.

Janet MacDonald, controller, said the endowment committed $5 million to Treynor-Arbit Associates, Chicago, for aggressive equities, and $10 million to Sanford C. Bernstein & Co. Inc., New York, for value-oriented equities.

At the same time, she said, the fund fired Valley Bank of Nevada, Las Vegas, and Nevada National Bank, Reno, which together managed $8 million, and took away $7 million managed by First Interstate Bank of Nevada, Reno, leaving it with $5 million.

The fund used Cambridge & Associates Inc., Boston, to help evaluate investment strategy and select money managers, Ms. MacDonald said.

"Our endowment has performed very poorly," Ms. MacDonald said. "It was $20 million 10 years ago and it's $20 million today." The earnings generally were spent as received, she added. The endowment declined to give returns.

Edna Brigham, endowment director, said the changes have

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Late news

Copley Press Inc.

LA JOLLA, Calif. — The $95 million Copley Press Inc. retirement plan revamped its manager lineup for greater specialization in stock and bonds and for an additional real estate investment.

The new equity managers are Columbia Management Co. of Portland, Ore., Gemini Corp., Atlanta, and William Mason & Co., Woodland Hills, Calif. Copley hired T. Rowe Price Associates, Baltimore, and Dodge & Cox, San Francisco, for fixed income.

It allocated $5 million to the open-end real estate fund run by Wachovia Bank & Trust Co., Winston-Salem, N.C.

Copley terminated Trust Co. of the West, Los Angeles, and Wells Fargo Investment Advisors, San Francisco.

Copley Press also added an investment to a Russell Trust international account.

Teachers contribute

NEW YORK — The $2.8 billion New York City Teachers' Variable Fund has chosen the Metropolitan Life Insurance Co. to continue as sole manager of its Variable Fund B. Now, all of Fund B's assets are in guaranteed investment contracts.

Metropolitan Life will receive about $220 million during the next year, according to Wally Sullivan, executive director for the fund.

Committee OKs rule

WASHINGTON — The Senate Finance Committee approved a modified version of the House-passed version of the Retirement Equity Act of 1984, H.R. 4280. A pared-down rule was included that requires plans to make subsidized benefits offered for a limited time period, such as early retirement benefits, available in the future in some cases. Another change would eliminate minimum age limits to qualify for survivor benefits.

Loyola appoints 4

CHICAGO — Loyola University in Chicago hired four money managers to invest a portion of its roughly $200 million in retirement and endowment funds, said Kathy Berzanski, investment assistant.

Two Boston-based firms, The Boston Co. and Rollert & Sullivan, and Newbold Asset Management, Philadelphia, and Pacific Century Group, Los Angeles, will be managing equity accounts for the university. She declined to comment on how much was allocated.

Pennsylvania options

HARRISBURG, Pa. — The $6.3 billion Pennsylvania Public School Employees' Retirement System reportedly has selected Bankers Trust as an options manager. Industry sources said the New York bank will be given between $200 million and $250 million for an overwrite program.

James Perry, executive director, and Clay Mansfield, investment administrator, could not be reached for comment.

Chromalloy hires 4

ST. LOUIS — Chromalloy American Corp. has appointed three stock managers and one for bonds for its $70 million pension fund. Templeton Investment Counsel, St. Petersburg, Fla., First Manhattan Co. and Sanford C. Bernstein & Co., both in New York, will manage stocks, and M.D. Sass Investors Services, New York, will manage bonds. A.W. Clubb, vice president for personnel and administration, declined to provide details. Also, Irving Trust was appointed master trustee in May.

Master trustee named

JAMAICA, N.Y. — Swiss Air Transport Inc. hired a master trustee and two money managers to run balanced accounts for its roughly $25 million in employee benefit assets, said Philippe Bruggisser, finance manager for Swiss Air North America.

Chase Manhattan Bank, New York, will be master trustee for the plan, while SBC Portfolio Management International and Morgan Guaranty Trust Co., both in New York, were hired to run balanced accounts, he said.

UTC names executive

HARTFORD, Conn. — Beverly Lanquist, vice president-investor relations, was appointed vice president in charge of pension investment for United Technologies Corp.'s $4 billion retirement plan. The position is newly created.

Treasurer Joseph Biernat no longer has any pension responsibilities, said the spokesman. Mr. Biernat was promoted to senior vice president.

The shift came with the July departure of Brenda Sullivan, manager of pension investment. On Aug. 1, Ms. Sullivan became director of investment management for Emhart Corp.'s $350 million pension fund, also a new position.

Asset growth exceeded liabilities in 1983

By Kimberly Blanton

CHICAGO — The growth of assets in the pension funds in the nation's 100 largest industrial and manufacturing companies outpaced the rise in retirement liabilities in the latest year, a survey of corporate annual reports shows.

At the same time, the burden of pension expense eased for many companies.

Last year, some companies saw the pension fund assets gain ground on mounting liabilities. For many more companies, whose assets already exceeded vested liabilities, the surplus widened, according to a survey conducted by Wright Investors' Service for *Pensions & Investment Age*.

The Bridgeport, Conn., firm culled the data from the 1983 annual reports of the top 100 companies in Fortune magazine's largest 500 companies ranked by sales. Complete findings begin on page 36.

Pension funds also were less of a burden on higher earnings. Although far fewer companies cut contributions to their funds in 1983 — a common practice in 1982 — pension expense was, for many, a smaller percentage of operating income, largely because earnings shot up amid the economy's recovery.

The most dramatic changes were on the balance sheet, however. Companies in heavy industry plagued with insufficient assets to cover vested pension liabilities showed improvement in 1983.

Pension fund assets and liabilities can't be found on the balance sheet, but are detailed as footnotes to the financial statements. The growth in the size of pension fund assets and liabilities has prompted analysts to make informal comparison of pension fund assets and liabilities with those of the company itself. This has been of particular interest since the Financial Accounting Standards Board's proposal to include the pension fund on the balance sheet.

The growth in pension fund assets outpaced vested liabilities at all three of the large automakers.

Between 1982 and 1983, vested liabilities increased only 12% at General Motors Corp., to $18.2 billion from $14.4 billion, while assets in its investment portfolio shot up 26%, to $18.1 billion from $14.4 billion.

As a result, the automaker's pension fund deficit dropped to a negligible 0.5% of its net worth, from 10.5% in 1982.

Ford Motor Co.'s assets were up 12%, to $8.15 billion, while vested liabilities rose only 5%, to $7.39 billion. As a result, the pension surplus grew to 10.1% of net worth in 1983, from 2.8% the year before.

Chrysler's assets were up 6.5% to $2.075 billion, slightly more than the 6% rise in vested benefits. A comparison with Chrysler's negative net worth can't be made.

Results were mixed among steel companies. U.S. Steel Corp.'s pension fund surplus of assets over vested liabilities grew to $1.917 billion from $855 million at the same time its net worth declined. As a result, its pension fund surplus grew to 41.9% of net worth in 1983, up from 13.2%.

Bethlehem Steel Corp.'s funding deficit also declined and became smaller compared with net worth. Assets fell $503 million short of vested liabilities, an improvement from 1982's $830 shortfall.

Despite some shrinking in Bethlehem Steel's net worth, the deficit dropped to 46.2% of net worth, from 67.1% in 1982.

One steel company was not in such good shape. Armco's pension fund deficit leaped to $179.2 million from $94.4 million in 1982. Its deficit grew to 14.7% of net worth from 4.8% in 1982.

The hefty surpluses of assets compared with vested liabilities in many pension coffers expanded even more, and became larger in relation to net worth.

- Beatrice Foods Co.'s surplus was up to $139 million from $93 million, reaching 7.6% of its $1.8 billion net worth.
- Burroughs Corp.'s surplus rose to $116.8 million (5.2% of net worth) from $49 million.
- Coastal Corp.'s surplus rose to $68.1 million (12.6% of net worth) from $20.8 million.
- General Electric Corp.'s surplus grew to $2.233 billion (19.8% of net worth) from $1.522 billion.
- Honeywell Inc.'s surplus grew to $265.1 million (11.5% of net worth) from $12.4 million.
- United Technologies Corp.'s surplus grew to $1.062 billion and leaped to 32.6% of net worth.

Although pension expense was little changed, and higher in some cases, it became a smaller burden on operating income because earnings rebounded when the economy did.

Continued on page 62

Largest pension assets
(as percent of corporate assets)

Lockheed	102.7%
Bethlehem Steel	67.8
Rockwell	65.4
McDonnell Douglas	52.4
General Dynamics	45.5

Largest funding surpluses
(as percent of net worth)

Lockheed	96.9%
Martin Marietta	67.2
U.S. Steel	41.9
McDonnell Douglas	41.4
AT&T Technologies	33.3

Largest unfunded vested liabilities
(as percent of net worth)

Chrysler	84.7%
Bethlehem Steel	46.2
LTV	22.2
Armco	14.7
Esmark	2.6

Public fund investments hail break with tradition

By Chuck Paustian

CHICAGO — State pension funds are entering investment arenas that once were the domain of their corporate counterparts.

The Maine Retirement Systems, for example, committed $5 million to oil and gas, while the South Dakota Retirement System committed $20 million to open-end real estate commingled funds and the Oregon Public Employee Retirement System allocated $35 million to four international managers.

(Public pension funds as a whole were the source of more than half of the money committed by pension funds to investment managers as reported in *Pensions & Investment Age* money movers during the first half of 1984. A survey conducted by *P&I Age* revealed public funds moved $11 billion of the $16.7 billion tracked. Public systems were the leading sources of assets in seven of the nine categories examined. See story column three.)

State pension funds have become more innovative in their investment approaches. In some cases, that innovation was prompted by changes in laws and state constitutions. Those changes gave them more investment options, including increased equity exposure and new asset classes.

In other states, the investment boards and fund officials have had the authority to invest the assets however they believed was best. However, they have been cautious in directing large portions of assets away from traditional investments.

Even though the funds were granted more investment leeway as much as four years ago, it took time for the officials and boards to make new asset allocation decisions and hire new managers.

Among the major shifts resulting from these changes:

- In 1981, the Washington Legislature passed a bill substituting a prudent-man rule for the more restrictive legal list.

Continued on page 62

'Money mover' allocations near $17 billion first quarter

By Chuck Paustian

CHICAGO — Public pension funds moved more than half of the almost $17 billion in pension assets committed to managers in the first six months of 1984.

The figures are derived from reports of allocations to new and existing investment managers in *Pensions & Investment Age*.

P&I Age's findings seem to confirm a study that shows that public pension funds are increasing their average number of managers. The study, by Greenwich Research Associates, showed the average number of managers used by public systems increased to 3.6 during 1983 from 1.9 five years ago.

Despite the slipping equity market, 43% of the assets distributed in the first half went to equity managers, while 35.3% went to fixed-income specialists and 12.5% to balanced managers.

Among other investments, real estate was favored over international or venture capital, with real estate managers receiving 3.8% of the assets committed in the period. Venture capital and international each received 0.8%.

Of the $16.7 billion allocated to new or existing managers reported in P&I Age between Jan. 9 and July 9, $11 billion was moved by public pension funds. Public funds were the leading sources of assets in seven of the nine categories examined in the survey.

In the same period, corporate funds moved $3.3 billion; union plans allocated $1.2 billion; endowments, foundations and associations committed $925.4 million; and churches moved $295 million.

Totals include new money allocated as well as appointments of new managers and money transfers. Where ranges were given, the lower number was used.

Of the total amount tracked, $7.2 billion was allocated to equity, 59% of which was moved by public pension funds. Index fund managers received $2.4 billion of the equity total.

The largest single move to equities was by Burroughs Corp., Detroit, which split $420 million among four core and seven special equity managers.

As core managers, the $600 million fund hired Capital Guardian Trust Co., Los Angeles; Lazard Freres Asset Management, New York; Fred Alger Management, New York; and Mellon Capital Management, San Francisco.

The specialty managers hired were Liberty Square Investment, Boston; NWQ Investment Management, Los Angeles; PRIMECAP Management Co., Pasadena, Calif.; Thomson, Horstmann & Bryant, New York; United Capital Management, Detroit; Treynor-Arbit Associates, Chicago; and Geewax, Terker & Co., Philadelphia.

The largest move to equity by a public fund was by the $1.1 billion Los Angeles City Employees Re-

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Shareholder group makes strides

By Rose Darby

NEW YORK — Attempts to organize a shareholders' organization seem to be gaining momentum among public pension funds, but corporate fund executives seem unenthusiastic about the prospect.

The shareholders' organization for institutional investors, proposed by Jesse Unruh, treasurer of California, is a response to the corporate takeover and "greenmail" activities of the past 12 months.

Some of the organization's goals are to spread information quickly about possible greenmail situations and actions that might be taken by institutions in such situations, to influence corporate behavior through group action, to mobilize shareholders or even to take joint legal action.

However, a sampling of corporate pension executives found them reluctant to consider joining such an organization if invited.

"From a pension sponsor's point of view, it's a very difficult problem," explained William Rechter, president of Sperry Capital Management Corp., which oversees investment of roughly half of the $2 billion in pension fund assets for Sperry Corp.

"We really prefer to remain as a very independent shareholder," he added. "If we don't agree with the way management is running their company, we will generally choose not to own the stock."

The proposed shareholders' group would be the first of its kind.

A July 9 meeting to explore its formation was held in Sacramento, Calif., at the bidding of Mr. Unruh, and was attended by seven California pension funds with combined assets of $50 billion.

The second meeting was held in New York July 25.

In attendance were Mr. Unruh, his staff, representatives from the New York City Employees Retirement Systems, the New York State Common Retirement Fund, Delaware State Employees System, the International Brotherhood of Electrical Workers and Ian Lanoff, former U.S. pension administrator who now is with the law firm of Stroock, Stroock & Lavan.

In the proposed council, public funds would join together to support or protest such practices as greenmail, golden parachutes, shark repellents and others recently employed by corporate man-

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Pension funds, balance sheets

Company	Total pension benefits $ mil.	Vested benefits $ mil.	Fund assets $ mil.	Vested funding status $ mil. 1983	Vested funding status $ mil. 1982	Assumed rate of return (%) 1983	Assumed rate of return (%) 1982	Net worth $ mil.	Pension assets as percentage of net worth %	Pension assets as percentage of net worth % 1982 vested funding status	Corporate assets $ mil.	Pension assets as percentage of corporate assets %	Pension expense $ mil.	Operating income $ mil.	Pension expense as percentage of adjusted operating income %
Allied Corp.	2,398.0	2,222.0	2,186.0A	−36.0	−69.0	8.0	8.0	2,424.0	−1.5	90.2	7,647.0	28.6	201.0	1,105.0	15.4
Aluminum Co. of Amer.	1,622.3	1,500.6	1,580.5	79.9	−69.8	9.8	9.3	3,161.5	2.5	50.0	6,266.8	25.2	159.2	328.9	32.6
Amerada Hess	59.2	54.6	124.8	70.2	59.6	9.0	10.0	2,525.3	2.8	4.9	6,217.4	2.0	4.4	860.9	0.5
American Brands	447.4	418.1	409.1	−9.0	−46.7	8.5	8.5	2,027.5	−0.4	20.2	4,303.9	9.5	66.4	692.3	8.8
American Home (C)	——	——	——	——	——	——	——	2,042.0	0.0	0.0	3,086.0	0.0	20.0	1,106.6	1.8
Anheuser-Busch	299.8	265.6	418.7	153.1	85.5	8.5	8.2	1,752.5	8.7	23.9	4,330.2	9.7	74.0	700.8	9.6
Archer Daniels	54.4	47.6	61.8	14.2	4.1	8.0	8.0	1,450.0	1.0	4.3	2,549.9	2.4	7.0	135.8	4.9
Armco	1,737.0	1,501.3	1,322.1A	−179.2	−94.4	8.5	8.5	1,216.4	−14.7	108.7	3,609.0	36.6	137.5	−152.3	M
Ashland Oil	216.6	200.7	411.2	210.5	158.9	10.1	9.5	1,070.9	19.7	38.4	4,107.8	10.0	22.2	62.8	26.1
AT&T Technologies	30,100.8	26,161.3	46,380.3	20,219.0	14,954.4	9.9	10.6	60,795.8	33.3	76.3	149,529.8	31.0	44,564.8	12,498.2	78.1
Atlantic Richfield	1,592.0	1,498.0	1,802.0	304.0	109.0	8.0	8.0	10,659.3	2.9	16.9	23,282.3	7.7	136.0	2,674.7	4.8
Beatrice Foods	275.0	255.0	394.0	139.0	93.0	8.3/12.3	8.3/12.3	1,834.0	7.6	21.5	4,464.0	8.8	41.0X	703.0	5.5
Bethlehem Steel	3,649.0	3,527.0	3,024.0	−503.0	−830.0	10.0	10.0	1,088.1	−46.2	277.9	4,457.4	67.8	309.0	−270.4	M
Boeing	2,270.0	2022.0	2,866.0	844.0	689.0	8.5	8.5	3,038.0	27.8	94.3	7,471.0	38.4	208.0	332.0	38.5
Borden	258.7	248.4	290.3	41.9	11.2	8.3	8.3	1,390.9	3.0	20.9	2,720.5	10.7	11.6X	346.5	3.2
Bristol Myers	278.9	244.0	375.9	131.9	65.8	7.5	7.5	1,893.7	7.0	19.9	3,007.3	12.5	39.2	645.7	5.7
Burroughs	560.5	529.9	646.7	116.8	49.0	8.6	8.6	2,231.9	5.2	29.0	4,098.2	15.6	52.4	324.9	13.9
Caterpillar	2,510.0	2,328.0	2,502.0	174.0	−125.0 R	7.5	7.5	3,337.0	5.2	75.0	6,968.0	35.9	203.0	−310.0	M
Champion Int'l.	409.3	368.5	483.3	114.8	49.8	9.5	10.0	1,606.2	7.1	30.1	3,575.7	13.5	46.9	154.9	23.2
Charter	13.2	12.6	19.0	6.4	4.0	8.5	8.5	479.2	1.3	4.0	1,813.2	1.0	2.8	154.0	1.8
Chrysler	3,480.6	3,021.8	2,075.2A	−946.6	−901.3	9.8	9.8	1,118.1	−84.7	185.6	6,772.3	30.6	254.7	896.9	22.1
Coastal Corp.	81.3	71.9	140.0	68.1	20.8	8.0	5.5	540.1	12.6	25.9	3,338.4	4.2	4.0	277.8	1.4
Coca-Cola Co.	209.1	193.1	280.7	87.6	56.5	9.5	10.0	2,920.8	3.0	9.6	5,227.8	5.4	39.0	992.6	3.8
Colgate-Palmolive	580.9	444.7	577.3	132.6	89.2	7.1	6.8	1,329.1	10.0	43.4	2,664.0	21.7	51.5	334.1	13.4
Consolidated Foods	167.7	136.2	153.5	17.3	30.5	7.0	6.0	935.0	1.9	16.4	2,616.3	5.9	28.7	332.6	7.9
Continental Group	1,051.0	988.0	1,043.0	55.0	48.0	8.5	9.0	1,527.0	3.6	68.3	3,653.0	28.6	80.0	108.0	42.6
Control Data	242.5	233.6	390.9	157.3	80.6	7.9	7.8	1,814.0	8.7	21.5	8,777.6	4.5	25.9	295.5	8.1
CPC Int'l.	245.6	233.5	232.9	−0.6	−63.8	8.0	8.0	1,306.0	0.0	17.8	2,482.8	9.4	35.1	376.0	8.5
Dart & Kraft	661.2	627.5	958.7	331.2	253.2	8.0	6.5/8.0	2,922.7	11.3	32.8	5,418.1	17.7	43.1	830.0	4.9
Deere & Co.	1,110.0	1,036.0	1,343.0	307.0	358.0	9.0	9.6	2,276.0	13.5	59.0	5,880.0	22.8	125.0	−6.6	M
Diamond Shamrock	134.6	129.9	122.2	−7.7	−0.5	8.0	8.0	2,618.3	−0.3	4.7	6,024.4	2.0	23.9	61.1	28.1
Digital Equipment	111.7	86.8	229.1	142.3	127.0	6.0	6.0	3,541.3	4.0	6.5	4,541.1	5.0	89.8	362.9	19.8
Dow Chemical	1,354.0	1,106.0	1,330.0	224.0	124.0	8.0	8.0	5,047.0	4.4	26.4	11,981.0	11.1	123.0	516.0	19.2
DuPont	5,630.0	5,517.0	8,182.0	2,665.0	2,876.0	8.9	9.6	11,200.0	23.8	73.1	24,432.0	33.5	556.0	4,210.0	11.7
Eastman Kodak	2,421.0	2,377.0	3,536.0	1,159.0	933.0	9.0	9.0	7,220.0	124.1	470.2	10,928.0	32.4	132.0	1,027.0	11.4
Esmark	249.0	222.0	195.0	−27.0	−45.0	7.0/8.0	7.0	1,031.0	−2.6	18.9	3,661.7	5.3	21.5	172.1	11.1
Exxon	3,404.0	3,248.0	4,828.0	1,580.0	1,113.0	8.3	7.9	29,443.1	5.4	16.4	62,288.6	7.8	5,820.0	9,367.6	38.3
Firestone Tire & Rubber	831.0	780.0	1,053.0	273.0	235.0 R	11.9	15.9	1,291.0	21.1	81.6	2,729.0	38.6	17.0	183.0	8.5
Ford Motor	8,780.0	7,390.0	8,150.0	760.0	170.0	8.0	8.0	7,545.3	10.1	108.0	23,868.9	34.1	597.0	1,803.7	24.9
General Dynamics	1,234.7	1,142.5	1,290.6	148.1	54.9	7.0	7.0	1,260.6	11.7	102.4	2,836.2	45.5	103.9	501.4	17.2
General Electric	8,496.0	7,939.0	10,172.0	2,233.0	1,522.0	7.5	7.5	11,270.0	19.8	90.3	23,288.0	43.7	643.0	2,549.0	20.1
General Foods	917.4	857.0	1,100.2	243.2.	152.1	6.5	6.5	1,872.1	13.0	58.8	4,309.0	25.5	101.7	587.8	14.7
General Mills	307.0	279.0	384.0	105.0	54.0	10.0	10.5	1,227.4	8.6	31.3	2,943.9	13.0	53.6	468.4	10.3
General Motors	21,399.4	18,239.5	18,128.0	−111.5	1,835.5	9.0	10.3	20,483.0	−0.5	88.5	45,694.5	39.7	1,714.2	5,508.4	23.7
Georgia-Pacific	246.0	219.0	267.0	48.0	28.0	6.7	6.5	1,977.8	2.4	13.5	4,979.0	5.4	15.0	425.0	3.4
Getty Oil	468.2	455.1	611.5	156.4	64.9	7.0	7.0	5,385.0	2.9	11.4	10,385.1	5.9	45.8	1,943.6	2.3
Goodyear Tire	1,677.9	1,552.5	1,834.0	281.5	98.3	8.5	8.5	3,016.2	9.3	60.8	5,985.5	30.6	108.2	663.1	14.0
Grace (W.R.)	261.4	246.2	426.0	179.8	120.9	6.5	6.0	2,172.0	8.3	19.6	5,034.6	8.5	28.2	356.4	7.3
Gulf & Western	328.0	311.0	380.0	69.0	65.0	10.0	10.0	1,893.9	3.6	20.1	4,418.2	8.6	37.7	189.5	16.6
Gulf Oil	1,681.0	1,612.0	2,077.0	465.0	638.0	9.1	10.6	10,128.0	4.6	20.5	20,964.0	9.9	186.0	2,257.0	7.6

Definitions

Total pension benefits:
The actuarial present value of benefits promised to all past and present employees based on service already performed.

Vested benefits:
The present value of all benefits accrued by employees who have worked long enough with the company to have a legal right to the benefits.

Fund assets:
The market value of the assets that have been set aside to fund pension benefit payments.

Vested funding status:
Fund assets minus vested benefits. Overfunded plans have a positive status; plans with an unfunded vested liability have a negative status.

Assumed rate of return:
The weighted average interest rate the company's actuary uses in deriving the present value of total pension benefits.

Net worth:
The amount of equity available for stockholders as shown on the company's balance sheet.

Adjusted operating income:
Operating income plus pension expense.

and income statements: 1983

Company	Total pension benefits $ mil.	Vested benefits $ mil.	Fund assets $ mil.	Vested funding status $ mil. 1983	Vested funding status $ mil. 1982	Assumed rate of return (%) 1983	Assumed rate of return (%) 1982	Net worth $ mil.	1982 vested funding status as percentage of net worth %	Pension assets as percentage of net worth %	Corporate assets $ mil.	Pension assets as percentage of corporate assets %	Pension expense $ mil.	Operating income $ mil.	Pension expense as percentage of adjusted operating income %
Heinz (H.J.)	185.3	158.3	202.2	43.9	3.9	9.0	9.0	1,130.9	3.9	17.9	2,178.7	9.3	35.5	396.5	8.2
Hewlett-Packard	516.0	379.0	652.0	273.0	215.0	9.0	10.3	2,887.0	9.5	22.6	4,161.0	15.7	82.0	728.0	10.1
Honeywell	983.3	851.6	1,116.7	265.1	12.4	8.0	8.0/15.6	2,313.7	11.5	48.3	4,675.4	23.9	88.9	336.9	20.9
IC Industries	304.1	287.2	313.8	26.6	2.9	8.0	8.0	1,121.1	2.4	28.0	3,985.1	7.9	26.1X	188.7	12.2
Int'l. Bus. Machines	7,452.0	7,154.0	10,388.0	3,234.0	1,642.0	5.5	5.5	23,219.0	13.9	44.7	37,243.0	27.9	1,180.0	9,589.0	11.0
Int'l Paper	784.0	753.0	1,047.0	294.0	279.0	8.0	7.5	3,321.2	8.9	31.5	5,617.1	18.6	20.0	104.3	16.1
ITT	324.4	314.3	272.9	−41.4	−23.7	9.0	8.9	5,417.2	−0.8	5.0	13,966.7	2.0	48.5	957.2	4.8
Johnson & Johnson	268.3	245.1	475.1	230.0	115.1	8.5	7.5	3,026.5	7.6	15.7	4,461.5	10.6	59.9	743.1	7.5
Litton Ind.	673.0	654.0	803.0	149.0	50.0	7.0	7.0	1,789.5	8.3	44.9	3,999.4	0.0	30.9	311.8	9.0
Lockheed Corp.	2,189.0	2,104.0	2,905.0	801.0	702.0	8.4	8.6	826.2	96.9	351.6	2,829.6	102.7	152.0	527.4	22.4
LTV	2,079.5	1,861.9	1,646.2	−215.7	−252.7	10.0	10.0	971.8	−22.2	169.4	4,406.3	37.4	157.4	−212.8	M
Martin Marietta	651.5	605.0	1,095.7	490.7	468.5	4.0/9.5	4.0/11.0	730.4	67.2	150.0	2,737.7	40.0	90.0	168.9	34.8
McDonnell Douglas	1,873.5	1,651.8	2,508.7	856.9	486.3	8.0	8.0	2,067.9	41.4	121.3	4,791.8	52.4	197.1X	263.6	42.8
3M	796.0	623.0	989.0	366.0	207.0	8.0	8.0	3,698.0	9.9	26.7	5,760.0	17.2	113.0X	1,139.0	9.0
Mobil	2,940.0	2,870.0	3,191.0	321.0	152.0	6.0	6.0	13,952.0	2.3	22.9	35,072.0	9.1	280.0	4,026.0	6.5
Monsanto	1,641.0	1,463.0	1,958.0	495.0	331.0	7.5	7.5	3,667.0	13.5	53.4	6,427.0	30.5	131.0	555.0	19.1
Motorola	111.0	91.0	234.0	143.0	111.0	7.0	7.0	1,948.0	7.3	12.0	3,236.0	7.2	12.0	333.0	3.5
Nabisco Brands	491.6	449.3	433.1	−16.2	−26.2 R	9.0	9.0	1,708.6	−0.9	25.3	3,625.5	11.9	82.5	628.1	11.6
NCR	459.8	441.9	574.0	132.1	78.4	8.5	8.5	2,044.6	6.5	28.1	3,560.3	16.1	486.0	487.2	49.9
North Amer. Phillips	319.1	281.1	495.1	214.0	137.7	5.0/7.5	5.0/7.5	883.9	24.2	56.0	2,252.5	22.0	40.9	203.8	16.7
Occidental Petroleum	166.9	160.8	237.1	76.3	345.2	8.0	8.0	2,369.1	3.2	10.0	11,775.4	2.0	6.0	1,833.8	0.3
Pepsico	307.9	235.3	361.6	126.3	81.3	7.0	7.0	1,794.0	7.0	20.2	4,638.3	7.8	47.7	548.5	8.0
Pfizer	322.8	301.7	365.1	63.4	80.3	9.3	10.5	12,180.8	0.5	3.0	3,936.1	9.3	40.8	757.6	5.1
Philip Morris	463.2	388.9	614.8	225.9	156.3	7.5	7.5	4,033.7	5.6	15.2	9,667.0	6.4	94.0X	1,746.6	5.1
Phillips Petroleum	809.0	679.0	1,258.0	579.0	371.0 R	7.5/8.0	8.0	6,149.0	9.4	20.5	13,094.0	9.6	33.0	2,176.0	1.5
Procter & Gamble (B)	——	——	——	——	——	——	——	——	——	——	8,135.0	——	——	1,529.0	——
R.J. Reynolds Inds.	875.0	745.0	1,053.0	308.0	210.0	8.0	8.0	5,223.0	5.9	20.2	9,874.0	10.7	105.0	1,587.0	6.2
Ralston Purina	239.1	206.1	338.1	132.0	100.0	6.0	6.0	1,104.1	12.0	30.6	2,101.2	16.1	21.3	498.5	4.1
Raytheon Co.	777.4	717.0	869.9	152.9	166.5	7.0	7.0	1,887.4	8.1	46.1	3,728.7	23.3	85.1	605.9	12.3
Rockwell Int'l.	3,150.0	2,729.0	3,423.0	694.0	349.0	7.0	5.5/7.0	2,337.6	29.7	146.4	5,231.1	65.4	255.5	578.0	30.7
Shell Oil	1,230.0	1,121.0	1,926.0	805.0	697.0	9.0	9.5	11,359.0	7.1	17.0	22,169.0	8.7	167.0	3,138.0	5.1
Signal Cos.	548.0	499.0	701.0	202.0	102.0 R	7.5	7.5	2,504.0	8.1	28.0	5,203.0	13.5	64.0	160.0	28.6
Sperry Corp.	815.3	753.5	1,078.7	325.2	364.8	8.0	8.0	2,398.9	13.6	45.0	5,330.3	20.2	95.4	343.9	21.7
Std. Oil (Calif.)	1,059.0	1,011.0	1,413.0	402.0	223.0	8.0	8.0	14,106.0	2.8	10.0	24,010.0	5.9	111.0	2,236.0	4.7
Std. Oil (Ind.)	1,474.0	1,434.0	1,635.0	201.0	80.0	8.0	8.0	12,440.0	1.6	13.1	25,805.0	6.3	129.0	3,481.0	3.6
Std. Oil (Ohio)	875.0	812.0	998.0	186.0	110.0	8.0	7.0	8,094.0	2.3	12.3	16,362.0	6.1	70.0	2,441.0	2.8
Sun Compay	858.0	787.0	1,118.0	331.0	235.0	9.0	8.0	5,172.0	6.4	21.6	12,466.0	9.0	75.0	1,176.0	6.0
Tenneco	789.0	707.0	901.0	194.0	34.0	7.6	7.2	5,173.3	3.8	17.4	17,994.0	5.0	94.0	1,346.0	6.5
Texaco	782.0	725.0	1,235.0	510.0	469.0	9.4	9.8	14,726.0	3.5	8.4	27,199.0	4.5	175.0	1,513.0	10.4
Texas Instruments	275.4	246.5	440.7	194.2	165.8	6.0	6.0	1,202.7	16.1	36.6	2,713.3	16.2	58.5	−288.1	M
Time Inc.	113.3	105.0	127.2	22.2	7.9	8.0	8.0	881.0	2.5	14.4	2,273.3	5.6	22.0	274.6	7.4
TRW Inc.	1,014.6	937.2	1,361.2	424.0	257.1	8.5	8.5	1,573.0	16.3	86.5	3,321.4	41.0	112.7	−367.3	M
U.S. Steel	6,955.0	6,562.0	8,479.0	1,917.0	855.0	10.0	10.0	4,570.0	41.9	185.5	19,314.0	43.9	288.0	429.0	40.2
Union Carbide	1,457.0	1,352.0	2,176.0	824.0	526.0	9.5	10.0	4,929.0	16.7	44.1	10,295.0	21.1	186.0	455.0	29.0
Union Pacific	328.0	328.0	375.0	47.0	23.8	7.0	7.0	4,056.0	1.2	9.2	10,218.0	3.7	43.0	287.0	13.0
United Technologies	2,351.9	2,193.1	3,255.2	1,062.1	883.8	7.9	7.8	3,253.9	32.6	100.0	8,720.1	37.3	215.5	916.3	19.0
Unocal	660.3	629.3	809.4	180.1	121.0	7.0	7.0	5,180.1	3.5	15.6	9,228.0	8.8	54.1	1,485.9	3.5
Westinghouse	3,113.7	2,718.9	2,975.2	256.3	−102.0	12.3	8.3	3,410.3	7.5	87.2	8,569.0	34.7	119.0	477.8	19.9
Weyerhaeuser	438.2	417.9	533.5	115.6	74.2	9.5	9.5	2,836.9	4.1	18.8	5,945.6	9.0	39.5	285.0	12.2
Xerox Corp.	1,040.9	1,031.2	1,109.9	78.7	54.0	8.0	8.0	4,222.4	1.9	26.3	9,296.9	11.9	153.3	595.6	20.5

Operating income:
Income derived from actual operations of the company.

Pension expense:
The amount charged against income to fund benefit payments in a given year.

Corporate assets:
The value of all corporate assets, as shown on the balance sheet.

Vested funding status as a percentage of net worth:
A comparison of the vested funding status, either positive or negative, to a company's net worth.

NOTES:

A — Includes assets the company owes but has not contributed to the plan.

B — Procter & Gamble has a profit sharing plan and no defluded benefit plan.

C — American Home Products' entire plan is insured with Metropolitan Life.

M — Pension statistics as a percentage of a negative operating profit is meaningless.

R — Restated.

X — Includes Canadian or overseas plans.

Source: Wright Investors' Service, Bridgeport, Conn.

consultants consultants consultants

a

Advanced Business Systems
S-10 Routes 4 & 17, Paramus, N.J. 07652; (201) 845-5666

Advanced Business Systems provides microbased back-office management, client reporting and performance measurement systems.

Among the key features of its IMPACT software package are performance measurement for U.S. securities; performance analysis and diagnosis; complete in-house investment management; and portfolio accounting systems.

The firm has three professional consultants.

Fees may be paid in hard or soft dollars.

IMPACT is available on various-sized systems. It uses the Alpha-Micro line of super-microcomputers and soon be will available on the IBM-PC XT.

The client contact is Nigel Wilson, president.

Am Cal Co.
4737 Lankershim Blvd., North Hollywood, Calif. 91602; (818) 763-6206 or (213) 877-0212

Am Cal, a real estate specialist, provides development of investment policies and objectives, and asset allocation guidance.

The firm's services also include real estate investment planning, real estate loan underwriting, and real estate investment feasibility and market studies.

Am Cal has expertise in real estate investment and advisory services and in writing investment guidelines.

Am Cal does not engage in manager evaluation and selection.

It has five clients on retainer and one non-retainer client.

Professional consultants at the firm number five.

Fees are paid in hard dollars.

Retainer clients include Missouri State Employees Retirement System, Hawaii Masons Pension Fund, Development Foundation of Southern California, the Carpenters Pension Trust for Southern California and Pacific Van Lines.

The client contact is S.Q. Della Grottz. vice president.

Associated Research Consultants/ARC
32-20 Lakewood Ave. S., Seattle, Wash. 98144; (206) 725-1302

ARC, founded in 1983, has special expertise in real estate consulting. It offers research performance measurement and analysis of the real estate market.

Other services include market timing, optimization models, portfolio simulations and volatility measures.

The firm had three non-retainer clients in 1983.

The firm will consult on a project basis. There are four consultants.

Fees are paid in hard dollars.

The client contact is Gale Devol.

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Bank of America
315 Montgomery St., Suite 1610, San Francisco, Calif. 94104; (415) 622-8712

Bank of America provides development of investment policies and objectives, and asset allocation guidance.

The bank offers manager evaluation and selection, and performance measurement and analysis for domestic investments. It also offers investment performance measurement for foreign investments.

The bank also offers investment management services through its subsidiary BAIMCO.

Retainer clients number 27. It has three non-retainer clients.

Fees are paid in hard and soft dollars.

There are three professional consultants.

The client contact is Brenda K. Teel, vice president and director of consulting services.

Beam & Associates
Fiduciary Information Development Department
Morgan, Olmstead, Kennedy & Gardner
606 S. Olive, Los Angeles, Calif. 90014; (213) 625-1611 or (209) 299-4152

Beam & Associates assist in three distinct consulting activities for fiduciaries:

Construction, revision and coordination of investment policy and directives with measurable guidelines, objectives and asset allocation; the search for and evaluation of domestic and foreign investment management organizations; and the preparation and presentation of a comprehensive quarterly appraisal of performance analysis.

Beam has 20 retainer clients and five non-retainer clients. The firm has two professional consultants and two additional associates. Fees can be paid with hard or soft dollars.

Clients include Jacobs Engineering, Aviall Inc. and Southern California Glaziers & Glassworkers.

The client contact is Ed Beam.

Berg Fiduciary Consultants
19 W. 44th St., Suite 1200, New York, N.Y. 10036; (212) 719-3544

Berg Fiduciary provides a broad range of investment consulting services including policy formulation, asset allocation, evaluation and selection of domestic and foreign managers, guaranteed contract negotiation, and measurement and analysis of U.S. investment management performance.

The firm also is responsible for research support of Plan Sponsor Network, a joint venture with Effron Enterprises Inc.

Data bases maintained include U.S. equity, fixed and balanced managers, foreign managers, real estate managers and GIC rates.

The firm has expertise in the areas of microcomputer graphics, asset modeling and data base management systems that are used with virtually all clients in research, analysis and report generation.

The firm has nine retainer clients and one non-retainer client. There are three professional consultants. Fees are paid with hard or soft dollars.

Clients include Booz, Allen & Hamilton, Insilco, Moore McCormack Resources, Retail Clerks Unions and Employers Pension Trust and Southern New England Telephone.

The client contact is Paul E. Berg, president.

Berla Associates
2700 Oak Road, Suite 18, Walnut Creek, Calif. 94596; (415) 947-0320

Berla Associates is a newly formed company offering development of investment policies and objectives, asset allocation guidance, evaluation and selection of domestic managers, and domestic performance measurement and analysis. Foreign investment performance measurement also is offered.

Fees are payable with hard dollars; there is one professional consultant.

The client contact is George Berla.

Alan D. Biller & Associates
P.O. Box 1414, Palo Alto, Calif. 94302; (415) 328-7283

Alan D. Biller & Associates provides development of investment policies and objectives, and asset allocation guidance.

It also offers integration of uncertainties about assets and liabilities in a decision procedure based on stochastic optimization. The emphasis is usually on identifying a feasible combination of contribution and asset allocations that meet the sponsor's objective.

The firm does not aid in evaluating and selecting managers.

The firm has five non-retainer clients. It has one professional consultant. Fees are usually paid with hard dollars but can be paid with soft.

The client contact is Alan D. Biller.

Boston Investment Systems
149 Pearl St., Boston, Mass. 02110; (617) 451-2152

Boston Investment Systems performs portfolio accounting system searches for money managers and sponsors.

It has expertise in performance measurement, order and trade inventory control, and portfolio construction.

The firm has four professional consultants.

Fees are paid with hard or soft dollars.

The client contact is Preston R. Ford.

Buck Pension Fund Services
2 Pennsylvania Plaza, New York, N.Y. 10121; (212) 279-4400

Buck Pension Fund Services is a subsidiary of Buck Consultants Inc., which is an actuarial and benefit consulting firm.

Buck Pension Fund Services provides manager evaluation and selection services, investment policy and asset allocation guidance, and performance measurement and analysis. The firm monitors managers of U.S. stocks and bonds, real estate, international investments, venture capital, and oil and gas investments.

The firm has expertise in mutual fund investments.

It has 16 retainer clients and 50 non-retainer clients. There are five professional consultants.

Fees are paid with hard or soft dollars.

Clients include the New York State Teachers' Retirement System, Consolidated Foods Corp. and Allegheny Power Corp.

The client contact is Catherine Higgins, president.

c

Callan Associates Inc.
859 Harrison St., Suite 200, San Francisco, Calif. 94107; (415) 974-5060

Callan Associates offers manager evaluation and selection services, asset allocation guidance and aids in setting investment objectives.

It also provides performance mea-

surement of U.S. stocks and bonds, real estate and international investments, and performance analysis and diagnosis.

Other services offered by the firm include consulting on immunized bonds vs. GICs vs. dedicated bonds. The firm also provides portfolio audits for 190 accounts.

Callan has special expertise in real estate, international investments, venture capital, oil and gas, and mortgages.

The firm has 150 clients on retainer. Non-retainer clients in 1983 numbered 40. The firm has 13 professional consultants.

The firm also sponsors the Callan Investment Institute, a continuing education and research facility for the pension and investment industry.

Fees are paid with hard and soft dollars.

The client contact is Ronald D. Peyton, president.

Collins Associates

567 Nicolas Dr., Suite 302, Newport Beach, Calif. 92660; (714) 644-5771

Collins Associates provides development of investment policies and objectives, and asset allocation guidance. It also offers domestic and foreign manager selection and evaluation, as well as providing performance measurement and analysis of such investments.

Collins has expertise in teaching corporations to manage retirement funds as profit centers, and to dramatically improve performance without increasing risk.

The firm has 14 retainer clients.

It has five professional consultants; fees are paid with hard dollars.

Clients include Xerox, Superior Oil and Safeway Stores.

The client contact is Budge Collins.

Colonial Consulting Corp.

Suite 420, 610 Fifth Ave., New York, N.Y. 10020; (212) 307-1830

Colonial Consulting offers manager evaluation and selection, and performance measurement and analysis for domestic and foreign investments.

It also provides development of policies and objectives, and asset allocation guidance, as well as aiding in the evaluation and selection of master trustee and custodial banks.

Colonial has special expertise in all services offered as they relate to endowments, foundations and corporate retirement plans.

Retainer clients with the firm number 10. It has two professional consultants. Fees are paid with hard or soft dollars.

Clients include the trustees of the National Board of YMCAs, the Salvation Army (Eastern and Southern Territories), American University of Beirut, Carnegie Endowment for International Peace, American Baptist Church USA, Frontier Holding Inc. and Virginia Electric & Power.

The client contact is John K. Goodrich, president.

Computer Directions Advisors Inc.

11501 Georgia Ave., Silver Spring, Md. 20902; (301) 942-1700

Computer Directions Advisors performs asset allocation and manager evaluation and selection services. It also provides U.S. performance measurement and analysis, and analysis of management styles.

CDA has expertise in on-line and IBM-PC performance measurement and a "universe" of comparative performance statistics. It does not offer investment management services. The CDA universe includes 1400 investment advisers, banks, insurance companies and mutual funds.

There are four professional consultants. CDA has 300 non-retainer clients; fees are paid in hard or soft dollars. Clients include J. Paul Getty Trust, state of Wisconsin and Connecticut National Bank.

The client contact is David G. Cook, vice president-marketing.

d

D.A. Management Consultants Inc.

16541 Gothard St., Suite 202, Huntington Beach, Calif. 92647; (714) 842-0162

D.A. Management Consultants provides development of investment policies and objectives.

It does not offer manager evaluation and selection services.

The firm has expertise in real estate equities and mortgages, and offers investment manager services in real estate.

There are two professional consultants. Fees are paid with hard dollars.

Clients include the Orange County Retirement System.

Daniel M. Ardell is client contact.

DeMarche Associates

P.O. Box 7027, Kansas City, Mo. 64113; (913) 384-4994

DeMarche offers investment objective setting, asset allocation guidance and manager evaluation and selection. It provides performance measurement of domestic stock, bond and real estate investments as well as international investments. The firm also provides performance analysis and diagnosis.

DeMarche has expertise in real estate, international investing, oil and gas, and GICs.

Other services offered by the firm include four levels of dynamic asset allocation, including specific asset allocation (timing), recommendation by market sector (investment philosophy) and asset class, and traditional long-term static asset ranges.

The firm had more than 100 retainer clients and eight non-retainer clients in 1983. It has six professional consultants. Fees are paid with hard or soft dollars.

Clients include Southern California Edison, Inland Steel and Levi Strauss.

The client contact is Samuel T. DeKinder, executive vice president.

Dorn & Jhung

80 E. Sir Francis Drake Blvd., Suite 3A, Larkspur, Calif. 94939; (415) 461-6262

Dorn & Jhung provides development of investment policies and objectives, asset allocation, manager evaluation and selection, and analysis of domestic investment performance.

It also evaluates and selects master trustees, performance measurement vendors and real estate managers.

The firm specializes in optimization of manager structures and evaluation of investment styles.

It has eight clients on retainer and two on non-retainer.

The firm has two professional consultants.

Fees are paid in soft and hard dollars.

Retainer clients include Amfac, Albertsons Inc., Total Petroleum Inc., Retail Clerks (Washington) Pension Trust, and the National Foundation for Cancer Research.

The client contact is Douglas Dorn, partner.

Dym, Frank & Co.

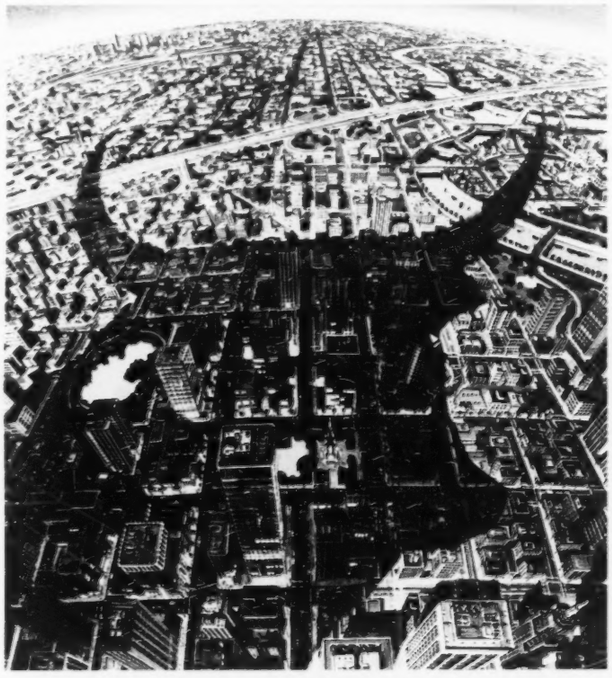
1718 22nd St. N.W., Washington, D.C. 20008; (202) 667-5001

The firm offers asset allocation and investment objective services, but does not engage in manager evaluation and selection.

Other services offered include investment strategy advisory services, analysis of monetary and fiscal policy, and quantitative research and development projects.

The firm has expertise in creating computerized investment decision-making systems for management of institutional equity portfolios including stock selection models and market timing models.

It has five retainer clients. There are two professional consultants and sev-



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eral associates.

Fees are paid with hard or soft dollars.

Clients include Aetna Life & Casualty, Sterling Grace and the American Foreign Service Association.

In addition to its consulting services, the firm manages both tax-exempt and taxable assets.

The client contact is Charles H. Dym.

e

Effron Enterprises Inc.

363 Westchester Ave., Port Chester, N.Y. 10573; (914) 939-0200

Effron Enterprises provides domestic and foreign performance measurement.

The firm offers an on-line security transaction accounting and reporting system. It also provides customized computer-related services for investment, and financial analysis on its on-line system.

It has expertise in international investing and convertibles through computerized investment and financial analytical services.

The firm does not engage in manager evaluation and selection.

Fees are paid with both hard and soft dollars.

The client contact is Barry Effron.

Equitable Pension Investment Consulting

1270 Avenue of the Americas, 25th Floor, New York, N.Y. 10020; (212) 315-7733

Equitable Pension Investment Consulting develops investment policies and objectives, and provides asset allocation guidance. It conducts U.S. performance measurement and analysis.

The company also does asset/liability planning for pension plan sponsors.

It specializes in asset allocation, actuarial services and investment management.

Investment management services are offered through pooled separate accounts in individually managed portfolios.

The firm has eight clients on a non-retainer basis, and five professional consultants.

Fees are paid with hard and soft dollars.

Paul Guidone, division head, is the client contact.

Evaluation Associates Inc.

25 Sylvan Road S., Westport, Conn. 06880; (203) 226-7864

Evaluation Associates provides development of investment policies and objectives, and asset allocation guidance. It also offers U.S. and foreign manager evaluation and selection, as well as performance measurement and analysis.

It has expertise in qualitative evaluation of investment styles and organizations.

Retainer clients number 53.

There are 29 professionals, six of whom are consultants. Fees are paid with hard and soft dollars.

Clients include Gulf Oil, Nabisco Brands, CPC International, Minnesota State Board of Investment and Consolidated Edison.

The client contact is John Carroll, director of consulting.

f

THE FIDUCIARY CONSULTING GROUP of Butcher & Singer Inc.

2200 Pittsburgh National Bldg., Pittsburgh, Pa. 15222; (412) 471-4700

The Fiduciary Consulting Group provides development of investment policies and objectives, asset allocation guidance, and the evaluation, selection and performance measurement and analysis of both U.S. and foreign advisers.

The group also offers a portfolio classification and ranking system known as G.R.I.D. (Graphical Ranking of Investment Descriptors).

The company has expertise in developing "efficient combinations of asset mixes and managers." It also has expertise in implementing asset management alternatives for 401(k) plans and in establishing dedicated and immunized bond portfolios.

There are 14 professional consultants. The firm has 65 retainer and 14 non-retainer clients.

Fees are paid in hard or soft dollars.

Among the retainer clients are Binney & Smith, Best Products, Coopers & Lybrand, Pennsylvania State Workman's Insurance Fund and Wheeling-Pittsburgh Steel Corp.

The client contact is James E. Yanni, senior vice president; manager contact is Grant D. Kalson, vice president.

First Chicago Investment Advisors

3 First National Plaza, Chicago, Ill. 60670; (312) 732-4000

First Chicago provides development of investment policies and objectives, and asset allocation guidance. It also offers U.S. manager evaluation and selection.

The firm provides U.S. and foreign investment performance measurement and analysis.

First Chicago has expertise in asset allocation, establishing policy portfolios and strategy asset allocation on a global basis.

The firm had three non-retainer clients in 1983. Fees are paid in soft and hard dollars. Investment management services are provided.

The client contact is Jeffrey J. Diermeier, vice president, head of asset allocation.

Gifford Fong Associates

233 Wilshire Blvd., Suite 303, Santa Monica, Calif. 90401; (213) 393-9891

Gifford Fong Associates offers guidance in allocating assets and setting investment objectives. It also provides domestic and foreign performance measurement, analysis and diagnosis. The firm does not engage in manager evaluation or selection.

It has expertise in fixed-income analysis, including active and passive management, and immunization.

Fees are paid mostly with soft dollars. The firm has 24 professional consultants.

Clients include the state of Connecticut, General Motors, General Dynamics and the state of California.

The client contact is Gifford Fong, president.

Fund Monitoring Services

6 E. 45th St., New York, N.Y. 10017; (212) 661-5560

Fund Monitoring Services offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides domestic and foreign performance measurement, and performance analysis and diagnosis.

Fund Monitoring Services provides software systems for either installation or on-line for accounting and monitoring functions.

Fees are paid with hard and soft dollars. The firm has four professional consultants.

The client contact is Len Greer, president.

g

F. Gehm & Associates

2727 Midtown, Suite 37, Palo Alto, Calif. 94303; (415) 328-6539

F. Gehm & Associates provides development of investment policies and objectives. It also offers domestic manager evaluation and selection, and domestic performance analysis.

Other services include new financial products, portfolio strategy, price behavior and especially the use of futures and options.

The firm has expertise in futures and in the management and reduction of investment risk and cost.

There is one professional consultant.

Fees are paid with hard or soft dollars.

The client contact is Fred Gehm.

h

Halcyon Ltd.

55 High St., Hartford, Conn. 06103; (203) 527-1896

Halcyon offers development of investment policies and objectives as well as asset allocation guidance. It also analyzes U.S. investment performance.

The company does not offer investment management services.

Halcyon has expertise as development consultant for retail properties.

The firm has 30 professional consultants.

It has 20 clients on retainer and 50 on fixed contracts.

Fees are paid in hard dollars.

Among its clients are AT&T, Citibank, Aetna, Oxford Properties and Merrill Lynch.

The client contact is Michael Miller, senior associate.

Hamilton, Johnston & Co.

101 Carnegie Center, Princeton, N.J. 08540; (609) 452-0300

Hamilton, Johnston & Co. provides development of investment policies and objectives, and asset allocation guidance.

Hamilton, Johnston also offers domestic and foreign manager evaluation and selection, and domestic and foreign investment performance measurement and analysis.

Other services include systems for portfolio record-keeping, accounting and performance measurement, and performance measurement data bases.

The firm has 35 retainer clients and five non-retainer clients. Fifty clients use the firm's data services.

There are six professional consultants. Fees are paid with hard and soft dollars.

Clients include R.J. Reynolds, Pan American, New York state, and the Institute for Advanced Study.

The client contact is James R. Hamilton.

A.S. Hansen Inc.

1080 Green Bay Road, Lake Bluff, Ill. 60044; (312) 234-3400

A.S. Hansen provides development of investment policies and objectives, and asset allocation guidance. It offers domestic and international manager evaluation and selection, and also provides performance measurement of U.S. stocks, bond, real estate and international investments. It offers performance analysis and diagnosis.

A.S. Hansen has expertise in real estate, international investing, venture capital, oil and gas, GICs and portfolio performance analysis. It offers a diagnostic tool to evaluate characteristics of an investment manager's approach to equity and fixed-income management.

The firm also offers employee benefits actuarial determination and employee benefits plan design, communication and administration.

It has 10 professional consultants. Fees are paid in cash or directed brokerage.

Clients include Arthur Andersen, Illinois Municipal Retirement Fund, Pioneer Corp., Storage Technology and Household International.

The client contact is S.A. Lincoln, director.

Hazelhurst & Associates Inc.

600 Gas Light Tower, 235 Peachtree St. N.E., Atlanta, Ga. 30303; (404) 588-0602

Hazelhurst & Associates provides development of investment policies and objectives, and asset allocation guidance. The firm offers evaluation and selection, and provides domestic performance measurement, analysis and diagnosis.

It provides performance measurement for real estate and international investments.

Hazelhurst also provides actuarial services, plan design/administration and asset/liability forecasting.

The firm had 25 non-retainer clients in 1983.

It has 10 professional consultants. Fees are paid mostly in hard dollars.

The client contact is James Davies, investment consultant.

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Randall Helms Fiduciary Consultants Inc.

Suite 9400, 2 World Trade Center, New York, N.Y. 10048; (212) 775-1039

Randall Helms Fiduciary provides development of investment policies and objectives, and asset allocation guidance. It provides U.S. investment performance measurement and analysis. It also provides limited analysis and measurement of foreign investment performance, and limited evaluation and selection of U.S. managers.

The firm provides economic forecasting and investment management services.

It has 30 retainer clients. There are four professional consultants.

The client contact is James E. Huttar, vice president-marketing.

Hewitt Associates

100 Half Day Road, Lincolnshire, Ill. 60015; (312) 295-5000

Hewitt Associates offers development of investment policies and objectives, asset allocation guidance, U.S. and foreign manager evaluation and selection, and U.S. performance measurement and analysis.

Its expertise is in the evaluation of real estate and venture capital investments and the analysis and negotiation of GICs. No investment management services are offered.

Hewitt Associates has nine professional consultants; it has 30 retainer and 50 non-retainer clients.

Fees are payable in hard dollars.

Clients include American Can, Hershey Foods, Smith International and The Southern Co. System.

Ronald Jones, partner, is the client contact.

Higgins Associates

24 Federal St., Boston, Mass. 02110; (617) 426-1018

Higgins Associates performs services for both U.S. and foreign manager evaluation and selection. It develops investment policies and objectives and appropriate asset allocations. Higgins Associates also offers domestic and foreign performance measurement and analysis.

Other services offered include master trust accounting systems and a manager data bank for searches and evaluation. Investment management services are provided through mutual funds.

Ten clients are on retainer, 26 are non-retainer.

There are five professional consultants. Fees are paid with both hard and soft dollars.

Clients include Conrail, Scovill and Western Union.

E.M. Higgins, president, is the client contact.

B.G. Hitchens Capital Management

1176 W. Georgia St., Georgia Place, Suite #1430, Vancouver, British Columbia V6E 4A2; (604) 669-5588

B.G. Hitchens Capital offers Canadian, U.S. and foreign manager evaluation and selection. It also provides development of investment policies and objectives, and asset allocation guidance. The firm offers Canadian, U.S. and foreign investment performance measurement and analysis.

Other services provided include policy compliance and pension committee membership.

B.G. Hitchens publishes COMSTAT, a series of measurement systems. Its Canadian base offers five performance measurement systems.

The firm has 47 retainer and 95 non-retainer clients.

There are three professional consultants. Fees are paid with hard and soft U.S. and Canadian dollars and yen.

Clients include McIntyre, National Trust, Manufacturer's Life, Alberta Treasury and the AFL-CIO-CLC.

Barry G. Hitchens, president, is the client contact.

E.F. Hutton Consulting Group

824 Market St., Ninth Floor, Wilmington, Del. 19801; (302) 573-5850

E.F. Hutton Consulting Group helps in setting investment policies and objectives, and offers asset allocation guidance. The firm provides domestic and foreign manager evaluation and selection, and U.S. performance measurement and analysis.

The firm has expertise in investment manager consulting for smaller pools of assets ($10 million and less).

The firm has more than 100 retainer clients and more than 300 non-retainer clients.

There are 18 professional consultants. Fees are paid with hard and soft dollars.

The firm offers investment management services through Hutton Asset Management, Hutton Directions Management, Hutton Investment Management and Hutton Capital Management. It also offers trust services through its wholly owned E.F. Hutton Trust Co.

Clients include Arizona Retirement System, Arkansas Teachers Retirement System and Dana Corp.

The client contact is Len Reinhart.

INDATA

300 Peachtree St., Suite 10G, Atlanta, Ga. 30308; (404) 523-8500

INDATA provides manager evaluation and selection, performance measurement, analysis of domestic investment performance and foreign investment performance measurement and analysis.

The firm specializes in complete analysis with weekly delivery at low soft dollar payments.

The firm has 500 retainer clients.

It has six professional consultants.

Fees are paid mostly in soft dollars.

The client contact is William T. Kennedy, partner.

International Business Information Inc.

1735 Eye St. N.W., Washington, D.C. 20006; (202) 659-1461

International Business Information is the subsidiary of IBI, K.K. (Tokyo), specializing in Japan-related financial services consulting for high-technology, including computer hardware/software, robotics and biotechnology.

The firm offers development of investment policies and objectives as well as asset allocation guidance. It also performs sell/buy-related in-depth research and Japan-related fundamental analyses, including economic industry and company evaluations. No investment management services are offered.

IBI has 25 professional consultants.

There are 45 retainer clients and more than 50 non-retainer clients.

Payment is accepted in hard or soft dollars.

Morgan Guaranty Trust, Jardine Fleming and Henderson Baring are some of IBI's clients.

C. Tait Ratcliffe, president, is the client contact.

InterSec Research Corp.

48 Signal Road, Stamford, Conn. 06902; (203) 348-7101

InterSec Research, an international investment specialist, provides development of investment policies and objectives, and asset allocation guidance.

It provides foreign manager evaluation and selection, as well as foreign investment performance measurement and analysis.

Other services offered include a comparative analysis of the rules and practices of pension asset management in the major countries of the world for multinational corporations. For international financial institutions, the firm offers research and consulta-

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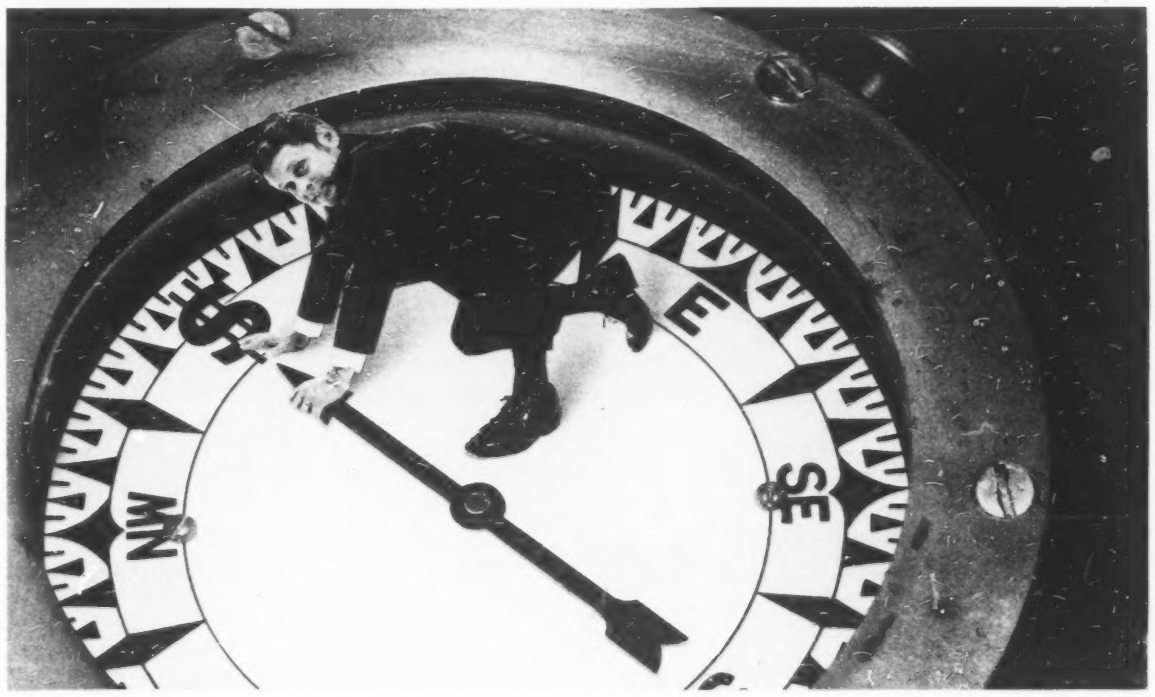

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tion regarding the global pension market and strategic opportunities within it.

InterSec specializes in international investing and overseas pension systems, focusing exclusively on the international diversification of assets.

The firm had 60 retainer and 30 non-retainer clients in 1983. Fees are paid with hard and soft dollars.

The firm also has offices in London and Tokyo. There are 10 professional consultants.

The client contact is Chris Nowakowski, president.

j

Jesup & Lamont Evaluating & Consulting Services

12233 W. Olympic Blvd., Suite 160, Los Angeles, Calif. 90064; (213) 820-6611

Jesup & Lamont provides development of investment policies and objectives, asset allocation guidance and U.S. and foreign manager evaluation and selection services. It conducts domestic performance measurement and analysis. It also offers investment management services.

The firm, a subsidiary of Jesup & Lamont Holding Co., New York, specializes in manager selection and 401(k) investment packages.

There are 15 retainer and 37 non-retainer clients. Jesup & Lamont has six professional consultants.

Fees are payable in soft or hard dollars.

Clients include GTI Corp., Del E. Webb Foundation, Kaiser Steel, Southern California Rapid Transit and Kelsey National.

The client contact is Thomas Clark Jones, president.

Johnson & Higgins Willis Faber

P.O. Box 70, 1 First Canadian Place, Toronto, Ontario M5X 1C2; (416) 862-5847

Johnson & Higgins Willis Faber provides development of investment policies and objectives, and asset allocation guidance. It also provides Canadian and foreign manager evaluation and selection.

The firm provides Canadian and foreign investment performance measurement and analysis.

The firm has expertise in the evaluation and selection of investment managers, trustees and custodians, and in setting investment objectives and guidelines.

The firm has two retainer clients and 40 non-retainer clients. Fees are paid in hard dollars.

Linda L. Grendon, pension fund consultant, is the client contact.

The survey of cash managers at the nation's 2,000 largest non-financial corporations will be published in the Aug. 20 issue of *Pensions & Investment Age*.

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Ronald A. Karp Associates

47 Maple St., Summit, N.J. 07901; (201) 522-1414

Ronald A. Karp Associates offers manager evaluation and selection, asset allocation guidance, and assists in setting investment objectives. It also provides performance measurement of domestic stocks and bonds, international securities, and real estate, as well as performance analysis and diagnosis.

Karp Associates has expertise in international markets, real estate and GICs. It offers research and analytical studies on the rationale for international, real estate and GIC investments.

The firm has 12 clients on retainer. Non-retainer clients number 15.

There are three professional consultants. Fees are paid mostly with hard dollars.

Clients include Brockway Glass, Pacific Lighting Corp., the Pennsylvania State Employees and the Kaiser-Permanente Medical Group.

The client contact is Ronald Karp.

Kauffman & Drebing, Registered Investment Advisors

1718 Locust St., Philadelphia, Pa. 19103; (215) 546-8016

Kauffman & Drebing provides development of investment policies and objectives, as well as asset allocation guidance.

It offers foreign and domestic manager evaluation and selection, and foreign and domestic performance measurement and analysis.

The firm's focus is on medium-sized companies, and not-for-profit companies.

Fees are paid with hard or soft dollars.

The client contact is Barbara G. Drebing.

l

Kenneth Leventhal & Co.

2049 Century Park East, Los Angeles, Calif. 90067; (213) 277-0880

Kenneth Leventhal & Co. provides development of investment policies and objectives, and asset allocation guidance.

The firm offers domestic and foreign manager evaluation and selection, as well as domestic and foreign performance measurement and analysis.

Its expertise is in real estate investments. The firm publishes Strategic Real Estate, a monthly newsletter on real estate investment issues.

The firm has more than 1,000 retainer clients; non-retainer clients number more than 1,000.

There are more than 100 consultants. Fees are paid primarily with hard dollars.

Stephen E. Roulac, chairman, National Management Advisory Services, is the client contact.

Lewis, Bailey Associates Inc. (Cambridge Associates)

600 New Hampshire Ave. N.W., Washington, D.C. 20037; (202) 298-3400 or 101 Summer St., Boston, Mass. 02110; (617) 482-8540

Lewis, Bailey [illegible]anager evaluation and selection, asset allocation guidance and assists in setting investment objectives.

It provides performance measurement of U.S. stocks, bonds, real estate and international investments. Lewis, Bailey also offers performance analysis and diagnosis.

The firm has expertise in real estate, international investments, venture capital, oil and gas, GICs, options, commodities and timberland custody.

The Cambridge Associates' arm of the firm specializes in working with endowments and other non-profit institutions. Lewis, Bailey specializes in working with pension funds.

Fees are paid mostly with hard dollars.

The client contacts are Hunter Lewis, managing director, in Washington, and David Thurston, senior vice president, in Boston.

Lipper Consulting Services

5 Carol Road, Westfield, N.J. 07090; (201) 233-8100

Lipper Consulting Services provides development of investment policies and objectives, and asset allocation guidance.

The firm offers domestic and foreign investment manager evaluation and selection, as well as measurement and analysis of both domestic and foreign investment performance.

It specializes in open-end (mutual) and closed-end funds. The firm tracks the performance of more than 1,250 investment companies and analyzes their portfolios. These results are published through a variety of services.

Investment management services are offered through an affiliate, Lipper Analytical Services. Portfolio assets are invested exclusively in open-end and closed-end funds.

Five clients are on retainer, and 10 on non-retainer. The firm has three professional consultants.

Fees are paid in hard and soft dollars.

Clients include the World Bank Pension Plan, Texas Gulf, The American Stock Exchange and the Securities Industry Association.

Henry Shilling, director of marketing, is the client contact.

m

James P. Marshall Inc.

10 King St. E., Suite 1000, Toronto, Ontario M5C 1C3; (416) 361-0225

James P. Marshall Inc. provides investment policies and objective setting, and guides in determining the appropriate asset allocation for Canadian funds. It aids in U.S. and Canadian manager evaluation and selection. It also provides U.S. and Canadian performance measurement and analysis.

Other services include master trustee selection, surveys that evaluate real estate and custodian selection.

The firm has expertise in investment policies, manager evaluation and selection, and establishing internal pension fund management departments.

The firm has 20 retainer clients and 15 clients for whom it provides an annual service.

There are five professional consultants. Fees are paid with hard or soft dollars.

Clients include Canada Steamship Lines, Zeller's, Coca-Cola, Saskatchewan Health-Care and Trans-Canada Pipe.

The client contact is M. Ann Marshall.

Meidinger Asset Planning Services

2600 Meidinger Tower, Louisville, Ky. 40202; (502) 561-4500

Meidinger Asset Planning offers investment policy and objective development, asset allocation guidance, and evaluation and selection of both U.S. and foreign managers. The firm also carries out performance measurement and analysis for U.S. and foreign investments.

Other services offered are negotiation and renegotiation of insurance contracts, master trustee selection and real estate selection.

The company does not perform investment management services.

Meidinger Asset, a subsidiary of William M. Mercer-Meidinger Inc., specializes in manager searches, GIC negotiations and linkage of asset liability modeling.

There are 200 retainer clients and 250 non-retainer clients. The firm has 22 professional consultants.

Fees are paid with hard dollars.

Clients include Major League Baseball Players, Federal Express, Foxboro Corp., Hammermill, Cincinnati Bell and Ernst & Whinney.

The client contact is Vernon S. Hodge, principal.

James Meketa Associates

1029 Beacon St., Newton Centre, Mass. 02159; (617) 786-6168

James Meketa Associates provides development of investment policies and objectives, and offers asset allocation guidance. It also provides U.S. performance measurement and analysis.

It has expertise in structuring multimanager approaches for endowment, Taft-Hartley and ERISA plans.

The firm has 20 retainer and 15 non-retainer clients.

It has six professional consultants. Fees are paid with hard dollars.

The client contact is John A. Denner.

Merrill Lynch Capital Markets

1 Liberty Plaza, New York, N.Y. 10080; (212) 637-4522

Merrill Lynch Capital Markets, a subsidiary of Merrill Lynch & Co., provides development of investment policies and objectives, as well as asset allocation guidance. It also offers performance measurements for the U.S. and foreign markets and analysis U.S. performance.

Investment management service is offered by Merrill Lynch Capital through stocks, bonds, money markets, real estate, commodities and other assets.

The company has 11 professional consultants servicing 950 clients on retainer.

Fees are payable with hard or soft dollars.

Clients include Atlantic Richfield, TRW, Directors Guild, United Food & Commercial Workers, the state of Minnesota and the United Methodist Church.

The client contact is Michael J. Galbreath, vice president.

O

Orben Associates Inc.

40 Wall St., New York, N.Y. 10005; (212) 269-9191

Orben Associates offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides performance measurement of domestic stocks and bonds, and performance analysis and diagnosis.

Orben Associates has expertise in venture capital and oil and gas.

The firm has seven retainer and eight non-retainer clients.

There are two professional consultants. Fees are paid with hard dollars.

Clients include General Computer, Interfaces, Estate Management Co. and Quasar Industries.

The client contact is Jack R. Orben.

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P

Peat, Marwick, Mitchell & Co. Investment Supervision Group

345 Park Ave., New York, N.Y. 10154; (212) 872-5949

Peat, Marwick consults on the development of investment policies, objectives and asset allocation.

The firm also offers domestic and foreign equity and fixed-income manager evaluation and selection, and performance measurement and analysis of portfolios invested in the U.S. and abroad.

Peat, Marwick's services include master trust evaluation, GIC and option evaluation, and a variety of surveys and research projects. It has expertise in designing investment strat-

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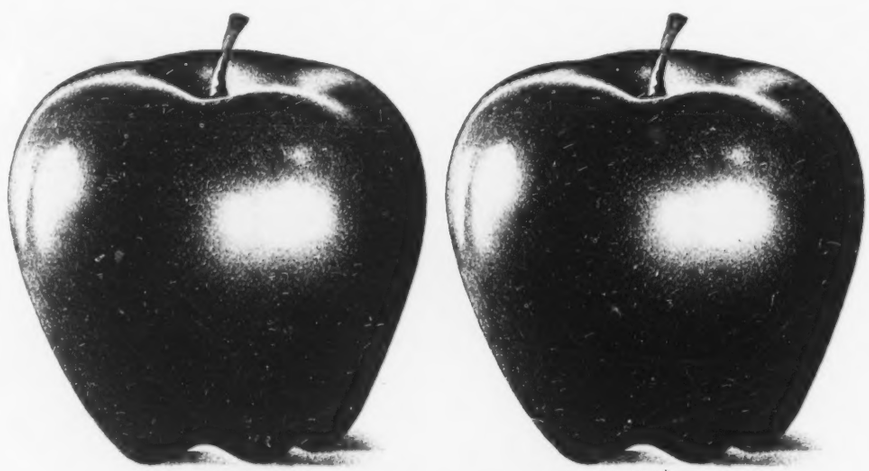

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egy and policy for Blue Cross/Blue Shield plans and captive insurance companies.

The firm also consults on investment systems strategy, planning, portfolio management information requirements and software evaluation.

There are 16 retainer clients and 34 non-retainer clients.

There are six professional consultants; fees are paid with hard dollars.

Clients include Owens-Corning Fiberglas, GTE REinsurance and Carlisle Corp.

The client contacts are Jeanne Gustafson, senior manager and manager-in-charge, and Brian Rom, senior manager.

Pension Finance Associates Ltd.

Suite 385, 146 Front St. W., Toronto, Ontario M5J 2L7; (416) 598-2231

Pension Finance Associates provides development of investment policies and objectives, and offers asset allocation guidance.

The firm offers Canadian and foreign manager evaluation and selection, and performance measurement and analysis for Canadian and foreign investments.

It also will take an on-going advisory role, provide supervision of investment programs, and aid in determining the role of the pension fund committee. Other services include setting funding policy and providing investment research.

The firm has expertise in asset mix policy, comparative measurement performance and manager research.

The firm has 20 retainer clients and more than 500 performance measurement clients.

There are 16 professional consultants; fees are paid with hard dollars.

The client contacts are Bob Mitchell and Ralph Loder.

Pension Profiles

Snug Harbor, Duxbury, Mass. 02332; (617) 934-2208

Pension Profiles is a statistical service providing quarterly portfolio performance review of reported earnings and payout of each holding as well as overall total return.

It also serves as outside trustee and consultant for investment policy, asset allocation and manager selection oversight.

Services are available by retainer or particular task.

Fees are paid with hard dollars.

The client contact is Daniel H. Sangster, principal.

Pension Realty Advisors Inc.

260 California St., Suite 1200, San Francisco, Calif. 94111; (415) 421-4000

Pension Realty develops investment policies and objectives, and offers asset allocation guidance. It provides performance measurement and manager evaluation and selection for the U.S. The firm's expertise is in real estate.

Pension Realty has four clients on retainer; fees are paid with either hard or soft dollars.

Clients include California Public Employees Retirement System and the Alaska Permanent Fund Corp.

William L. Ramseyer is the client contact.

Plan Sponsor Network

363 Westchester Ave., Port Chester, N.Y. 10573; (914) 939-0200 or (212) 719-3544

Plan Sponsor Network provides pension plan sponsors with a data base network to obtain and exchange information on more than 500 U.S. and foreign investment managers by providing immediate electronic access via microcomputers and an on-line computer.

Current data bases include the U.S. equity, fixed and balanced managers and foreign investment managers. Under development are data bases to screen and evaluate real estate managers and a survey of GIC rates.

The network is compatible with virtually any microcomputer or terminal that can access information via telephone lines. It also provides plan sponsors with a job opportunity bulletin board and a national performance data exchange.

Subscription fees may be paid with hard or soft dollars.

Client contacts are Paul E. Berg, managing director, Barry J. Effron, managing director, and John P. Leib, executive director.

Prudential Bache Securities

115 Broadway, Suite 1906, New York, N.Y.; (212) 791-4268

Prudential Bache Securities Inc. provides development of investment policies and objectives, asset allocation, domestic manager evaluation and selection, and domestic performance measurement and analysis.

The firm specializes in public and Taft-Hartley funds.

It has more than 200 retainer clients and more than 18 non-retainer clients.

The firm has three professional consultants.

Fees are paid with soft or hard dollars.

Clients include the city of Detroit, city of New Haven, Tulsa Municipal, County of Macomb, city of San Jose and Oklahoma State Insurance Fund.

The client contacts are Victor Rosasco, vice president, and Marilyn McCarthy, assistant vice president.

q

Quantec Ltd.

30 E. 10th St., New York, N.Y. 10003; (212) 777-3173

Quantec Ltd. provides development of investment policies and objectives, asset allocation, U.S. and foreign manager evaluation, and foreign investment performance measurement and analysis. Another service provided is global portfolio risk analysis.

The firm has expertise in quantitative investment technology.

It has three retainer clients and 24 non-retainer clients.

The firm has four professional consultants.

Fees are paid in soft or hard dollars.

The client contact is Jason MacQueen.

Quan-Vest Consultants Inc.

126 Mill Spring Road, Manhasset, N.Y. 11030; (516) 365-4619

Quan-Vest Consultants Inc. provides development of investment policies and objectives, asset allocation, domestic manager evaluation and selection, and domestic performance measurement and analysis.

The firm specializes in long-range planning, computer-aided decision analysis and financial institution management consulting.

It has 10 retainer and 10 non-retainer clients.

The firm has two professional consultants. Fees are paid in soft or hard dollars.

It also offers investment management services through mutual funds.

Clients include Uniformed Fire Officers, National Maritime Union and the Textile Workers Union.

The client contact is Anthony F. Lotruglio, president.

r

Realty Research Inc.

18000 Pacific Highway, Suite 1115, Seattle, Wash. 98188; (206) 244-0084 or (800) 426-5210

Realty Research specializes in real estate consulting. The firm offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides performance measurement for U.S. stocks, bonds and real estate, and performance analysis and diagnosis.

Realty Research has expertise in all forms of real estate investing: limited partnerships, pooled funds, REITS, specific properties, debt and debt/equity mix.

The firm has 21 retainer clients; non-retainer clients number 20.

There are six professional consultants. Fees are paid with soft and hard dollars.

An affiliate, Comstock Realty, manages tax-exempt assets and property acquisitions.

Clients include Environmental Research Development Corp. and Performance Measurements Inc.

The client contact is John P. Kennedy, president.

Richards & Tierney Inc.

111 W. Jackson Blvd., Chicago, Ill. 60604; (312) 431-5145

Richards & Tierney provides development of investment policies and objectives, development of appropriate asset allocation, domestic and foreign manager evaluation, and U.S. and foreign investment performance measurement and analysis.

The firm's expertise is in development and implementation of the customized benchmark portfolio construct; and research, analysis and structuring of alternative investment vehicles.

Richards & Tierney is a newly established firm with two professional consultants.

The client contact is Thomas M. Richards, principal.

Rogers, Casey & Barksdale

29 Federal St., Stamford, Conn. 06901; (203) 356-9400

Rogers, Casey & Barksdale provides development of investment policies and objectives, and asset allocation guidance. It also offers U.S. and foreign manager evaluation and selection, and performance measurement and analysis for domestic and foreign investments. The firm offers computerized diagnostics of multiple manager investment structures.

It has expertise in real estate, international investing, and in less well-known foreign and domestic equity managers.

RCB assists in the supervision of the special investment programs not generally available from traditional management resources. It offers a multimanager investment product for Canadian pension funds and is developing a multimanager international investment product.

The firm has 28 retainer clients.

There are six professional consultants. Fees are paid with hard dollars.

The client contact is Ed Barksdale.

Rubidge Associates

1388 Freeport Road, Suite 3, Pittsburgh, Pa. 15238; (412) 828-9316

Rubidge Associates provides development of investment policies and objectives, and asset allocation guidance. It offers investment performance measurement and analysis in the U.S. market. Its expertise lies in domestic manager evaluation and selection.

The firm also offers investment management services via direct investment advisory, but not to consulting clients.

There is one professional consultant with the firm, which has three clients on retainer. Fees are payable with hard or soft dollars.

The client contact is D. Bruce Rubidge, president.

Frank Russell Co.

P.O. Box 1616, Tacoma, Wash. 98401; (206) 591-3471

Frank Russell Co. offers manager evaluation and selection, asset allocation guidance and investment objective setting. It also provides performance measurement in the areas of

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U.S. stocks, bonds and real estate, and international investment. Performance analysis also is provided.

It has expertise in real estate and international investments.

The firm also offers advice on investment strategy planning; and research and recommendation of money management organizations in various disciplines. It also will monitor and report on all aspects of the investment process, both domestically and internationally.

Frank Russell has a policy limit of 40 domestic retainer clients and 40 domestic clients investing internationally. Clients include General Motors, IBM and United Airlines.

The firm has 60 professional consultants. Fees are paid with hard and soft dollars.

Two subsidiaries, Frank Russell Investment Management Co. and Frank Russell Trust Co., manage tax-exempt assets.

The client contact is Brian F. Barker, director of communications.

tion's trading efficiency, both absolute and relative to other institutions.

Retainer clients with the firm number 1,400. Non-retainer clients number 80.

The firm has 45 professional consultants.

Fees are paid with hard or soft dollars.

Client contacts are David Wolverton in New York at (212) 344-8840; William Bullion in Chicago at (312) 930-7500; James Minnick in Houston at (713) 659-0330; and Jeff Lovell in Los Angeles.

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Richard Schilffarth & Associates Ltd.

1201 N. Prospect Ave., Milwaukee, Wis. 53202; (414) 276-4140

Richard Schilffarth & Associates Ltd. provides development of investment policies and objectives, and asset allocation guidance. It provides domestic manager evaluation and selection. In addition, it provides U.S. performance measurement and analysis.

The firm specializes in client risk level analysis, investment objective development and manager evaluation.

It has eight retainer and four non-retainer clients.

The firm has three professional consultants. Fees are paid in soft or hard dollars.

The client contact is Richard Schilffarth, president.

Segal Advisors Inc.

730 Fifth Ave., New York, N.Y. 10019; (212) 586-5600

Segal Advisors provides development of investment policies and objectives, and asset allocation guidance. It offers U.S. manager evaluation and selection, and performance measurement and analysis for U.S. investments, including real estate investment vehicles and services.

The firm also offers evaluation and negotiation for insurance company contracts for retirement plans.

It has expertise in helping establish investment programs for individual account retirement plans.

The firm has more than 50 retainer clients. There are four professional consultants. Fees are paid with hard dollars.

The firm also has access to the resources of the parent company, Martin E. Segal Co.

Clients include Ames Department Stores, Suburban Propane Gas Co., AFTRA Pension Fund, Sheet Metal Workers National Pension Fund and the Wyoming Retirement System.

The client contact is Martin Levenson, senior vice president.

SEI Funds Evaluation

680 E. Swedesford Road, Wayne, Pa.; (215) 687-1700

SEI Funds Evaluation helps to develop investment policies and objectives, and offers asset allocation guidance. It provides U.S. and Canadian performance measurement and analysis.

SEI aids in selecting money managers and master trustees, and provides a transaction audit and control service.

It has expertise in trading costs, offering detailed analysis of an institu-

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Towers, Perrin, Forster & Crosby provide development of investment policies and objectives, and asset allocation guidance. It has special expertise in forecasting pension plan liabilities and assets.

The firm had 5,000 non-retainer clients. Fees are paid in hard dollars.

The client contact is Miriam Goldfine.

w

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Wilshire Associates offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides performance measurement for domestic stocks and bonds, real estate and venture capital investments, as well as international investments. The firm offers performance analysis and diagnosis.

Wilshire Associates has expertise in real estate, international investing, venture capital and issues related to public funds. It assists its clients in the evaluation and selection of managers within these asset categories.

The firm also provides pension asset and liability simulation; manager structure determination; identification of the impact of passive investment strategies; on-line manager monitoring and performance measurement; and endowment and foundation consultations.

The firm has 50 sponsor organizations on retainer; there are five non-retainer clients.

The firm has 12 professional consultants. Fees are paid equally with hard and soft dollars.

Clients include the state of California, Texaco, Goodyear and the University of Pittsburgh.

The client contact is Lawrence E. Davanzo, vice president.

Wood, Mackenzie & Co. Inc. Computer Services Group
280 Park Ave., New York, N.Y. 10017; (212) 880 1900

Wood, Mackenzie provides international performance evaluation and consulting including analysis and diagnosis.

It also provides accounting and analytical reporting services to meet all the information needs of pension funds, and publishes a monthly review of international market performance.

The firm, a subsidiary of Wood, Mackenzie & Co., a U.K.-based international stockbrokerage and consulting firm, has expertise in international multicurrency portfolios.

There are 250 non-retainer clients worldwide, and 18 professional consultants. Fees are paid with hard and soft dollars.

The client contact is John M. Gillies.

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Funds are up

NEW YORK — Moran, Moore, Grossman & deRose, a New York-based investment counseling firm, reported that its equity funds were up 4.7% in the second quarter, compared with the Standard & Poor's 500 stock index, which was down 2.6%.

The firm's equity accounts were down 1.9% in the first quarter compared with a 2.4% decline for the S&P.

Midsized . . .

Continued from page 39

year, already have more than $200 million under management from four clients. The Frank Russell Co. equivalent has more than $1 billion under management.

Once again, Messrs. Crerend and Russell (and the firm of Rogers, Casey & Barksdale) apparently came up with the idea at about the same time. Mr. Crerend originally thought of providing such a service to religious organizations, but did not pursue it.

Unlike the Russell Co., Evaluation Associates has no self-imposed limit on the number of domestic pension fund clients it will accept. Russell limits itself to 40 domestic clients; Evaluation Associates now has 53 clients.

Another difference between the firms is that while the Russell Co. clients tend to be among the nation's largest pension funds — they have assets totaling more than $100 billion — Evaluation Associate's clients are medium-sized funds on average and have assets totaling $25 billion.

Evaluation Associate's median fund has assets of between $200 million and $300 million — unusually small for a generalist consultant, Mr. Crerend said.

"We have some large funds, but by and large it's very difficult to get large funds into areas where maximum performance is possible. You have to have a very aggressive, sophisticated large-fund client, and we have some, or settle into the $200 million to $500 million range where it's large enough for you to diversify but yet small enough where you can put money into small equity managers or whatever you choose."

Mr. Crerend said Evaluation Associates will seek more small pension fund clients in the future. "We like them because they're very close to the bottom line."

Messrs. Crerend and Watson (chairman of Evaluation Associates Asset Investment Co.) see changes coming in the investment management consulting marketplace as companies make more use of defined contribution plans.

"Companies have a whole new concern. They have to choose managers for the employees. The employees have to choose what funds they're going to use — 401(k)s and IRAs (individual retirement accounts). So there's going to be new levels of investment consulting and advice," Mr. Watson said.

Evaluation Associates is studying the trend to determine what new products it might offer the 401(k) and IRA field.

"Mutual funds, for example, have had single managers, one sponsoring firm," Mr. Crerend noted. "There isn't a multimanager fund professionally managed as we would want to manage it available. People don't analyze mutual fund companies. I mean, you're an investor in (Fidelity Investments') Magellan Fund and you really don't know beans about it. You read a prospectus, you see the performance record and you send your money in."

Mr. Crerend said Evaluation Associates is considering how it might help fill the information gap for companies and individuals. Despite the changes taking place in the market, Messrs. Crerend and Watson expect Evaluation Associates, Rogers, Casey & Barksdale and the Frank Russell Co. to prosper.

"We can't miss because of our ability to take these skills out to banks, to the insurance company, to the retail customer or the international customer. It's the same process over and over," Mr. Crerend said.

"We, along with others, were very fortunate to be early in the business. It grew because of asset growth. In addition, ERISA in 1974 helped us no end." ■

Consultants . . .

Continued from page 39

not conducted a soft-dollar deal.

Mr. Saint-Pierre explained Pension Realty would not want to tie into any transaction activity.

Although the use of soft dollars apparently is becoming more popular, consultants remain divided on the value of the system.

Gene Hammons, former head of Houston-based Rotan Mosle's consulting division, left because of the extensive use of soft dollars.

"I worked on soft dollars for 30 years. I forgot most of it because I wanted to," said Mr. Hammons, vice president and regional director at Meidinger Asset Planning Services Inc.'s Houston office.

Mr. Hammons said the potential for conflicts of interest exists when a firm performs consulting services. He also said there is an internal problem with collection of fees with soft dollars.

"In any business, you want to be able to budget your income the same way you budget your expenses," said Mr. Hammons. He pointed out that when he was at Rotan Mosle, it sometimes took up to a year to collect fees.

S.Q. Della Grota, vice president of Am Cal Co., said the firm would not accept soft dollars because it generates its own information and sells it directly to the client. He also said he believes the use of soft dollars is rare in the real estate field.

"By being paid by the client only, based on a previously established fee scale, we firmly believe we avoid any conflicts of interest," Mr. Della Grota said.

Another consultant, who asked that his name not be used, said "I would applaud" if soft dollars no longer were used. He said the disappearance of soft dollars would lead to a more professional view of the industry. He accepts only cash for his consulting services.

On the other hand, John K. Goodrich, president of Colonial Consulting Corp., said the use of soft dollars is "a prudent use of a cost incurred by an institution."

Mr. Goodrich explained two possible disadvantages of soft dollars. One is churning the portfolio to generate soft dollars; the other is "paying up," in which an investment manager pays larger commissions than necessary in order to accumulate soft dollars. He said both could be guarded against by acting on a "best execution basis only."

As long as the trading is handled in this manner, there are no disadvantages, Mr. Goodrich said.

Brenda K. Teel, vice president and director of consulting services at Bank of America, agrees the use of soft dollars makes sense.

She added the decision is one that should be left to the client: "Usually, it's the individual in the client's shop that calls the shot on it (the use of soft dollars)."

Ms. Teel said the bank would deal with any brokerage firm that met with legal approval.

Ronald D. Peyton, president of Callan Associates Inc., sees the growth of soft dollars and thinks, if precautions are taken, they are an advantage. He said the use of soft dollars would result in less out-of-pocket costs. However, the bottom line is that soft dollar trades should be at the same rate and quality as pure execution trades. ■

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Pacific Basin . . .

Continued from page 39

performance than what the stock market provides on average.

They argue further that active trading of assets eats up returns of active managers through commission costs and higher management costs.

Yet many of Mr. Russell's clients are picking scores of managers, and spending millions of dollars on them for pension accounts because they believe they can get better performance consistently.

Some of them say they have achieved better performance, consistently, than, say, the Standard & Poor's 500 stock index, although Mr. Russell himself calls that a "ridiculous index."

His argument for being able to pick better managers is persuasive. It had better be, because Mr. Russell agrees his stature as a consultant attracts clients to his money-making trust and investment companies.

Performance for those companies in fixed and equity accounts is based on his ability to pick managers, since it is the managers he picks, not the Russell company itself, that actually manage the money.

Some of the estimated millions of dollars he brings in from the trust and investment companies go to finance research in the consulting company, so all three companies are interlocked.

Mr. Russell publishes the company's performance results, showing for the first time without clouding the issue, just what his ability to pick managers is.

He agrees his ability couldn't be judged so sharply in the past because it was difficult to tell if a pension fund's performance was completely to his credit. No pension executive ever follows anyone's advice totally.

"We did take a risk in stepping into the limelight, as opposed to never being able to identify our results vs. their (plan sponsor's) results," said Mr. Russell.

Although some money managers claim their heads can be on the block for as little as three months' bad performance, Mr. Russell doubts even a year of poor performance would have any affect on his companies.

Backing up his claim, he shows a couple of funds did underperform standard indexes for a year, although they bounced back almost immediately after some "restructuring" by the consulting company.

He adds even a full economic cycle of underperformance would result in only temporary damage. That, he says, is similar to the damage suffered by General Motors Corp. or Ford Motor Co. from some early versions of domestic economy cars with exploding gas tanks or reliability problems.

"We think we can identify consistent losers, those with pretty poor performance," said Mr. Russell. When asked how he separates winners from losers, he plotted a bell, or normal, curve on a yellow writing pad and drew a vertical line, or mean, down through the curve's middle.

The bell curve, he explained, represents the total universe of money managers. He said what most sponsors want to do is "beat the next guy."

He said there are characteristics among money management organizations that consistently lead to below-average results. Perhaps the most telling characteristic, he said, is a high turnover of professional personnel.

By eliminating the managers with consistently poor performance, he said, a new bell curve, or new universe of managers, is created. When the mean is drawn, it is slightly to the right of the old mean.

Secondly, by making 1,000 research visits a year to find the best managers, which he said his firm does, a third universe is created, with the mean drawn again slightly to the right of the old universe.

But his firm doesn't believe in market timing. In other words, Mr. Russell believes his firm can find the good managers who pick growth stocks, but it is not possible to tell when the market will be good for growth stocks.

Consequently, clients are advised to pick managers from five or six different areas of the market. The end result is supposed to be good performance from a manager, obtaining what the market has to offer when the area of the market the manager specializes in is doing well. Madelyn Smith, co-director of equity research at Russell's consulting company, underlined the importance of being in particular segments of the market.

She said about 80% of an equity manager's performance results from market moves.

It is crucial, then, that the consulting company knows what style of management a firm really follows, regardless of what it says it follows, to come up with what Mr. Russell calls the "superior mix" of managers.

Also, the Russell company wants the manager who will add value to what the market does, and this manager selection is made with an emphasis on qualitative, not quantitative, methods. Ms. Smith said she has to understand what the "process" of the manager is and who are the key players.

If, for example, two professionals leave an organization, but key players or professionals remain, and its "process" is intact, the Russell company won't send out an alert to clients, although it keeps them informed of changes. "The focus is on people," she said.

Some passive managers insist, however, that after 10 years, the range of performance between what were earlier the best and the worst managers will narrow to a small band around the median of statistical performance. Thus, they contend superior managers can't be picked with significant accuracy to affect long-term performance.

If that is true, it would undercut the foundation of the Russell organization.

But Peter Dietz, head of research for Russell, said that is misleading. He said the names of organizations might come together around such a band, but many of the organizations remain the same in name only.

In other words, key people have left. The suggestion is that if those people, rather than the original organizations, could be followed, the results would look different.

Mr. Russell won't say what his consulting fees are, although some estimates are he charges between $100,000 and $150,000 a year. That isn't much if he can improve return on investment performance by 1% for his average client, who has $2.8 billion in assets. An improved return of 1% would translate into $28 million a year.

Mr. Russell said Mr. Dietz wrote the first significant book on fund performance, his doctoral dissertation. Mr. Dietz was an associate professor at the University of Oregon, Eugene, before becoming one of the top employees at the Russell firm.

Other people have built impressive reputations while at Russell. One of them is Blake Eagle, head of real estate consulting, who describes his boss as a kind of visionary with "20-20 vision," and as a dynamic leader. He said Mr. Russell can capitalize on what appears

Continued on page 50

Top (L-R): DAN FLECK, Chairman; GREG HUNING, CFA, President. Foreground (L-R): LEE LIVERMORE, CFA, Fixed Income Specialist, MARK FOSTER, Equity Specialist, SUSAN THOMAS, Director of Marketing.

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Spruced-up index funds answer specialized needs

By Tamara Hanneman

NEW YORK — Money managers are offering pension funds new varieties of indexed funds designed to meet special needs of both clients and money managers.

The managers are playing with capitalization weights, favoring high-yield stocks, seeking out optionable stocks, applying market-timing techniques, all in an effort to better index fund performance at a reasonable cost.

Among the firms offering the hybrid or semiactive index funds with some kind of twist are Century Capital Associates and Bankers Trust, both of New York, and State Street Bank and Trust, Boston.

The move to a variety of index funds seems a radical departure for Century Capital, a firm known for its market-timing approach to investment management, but it really is not.

Century Capital is offering clients more than half of its investment process at a far lower fee than it charges for its full investment process. It is offering to apply its market-timing skills to an indexed balanced fund.

The asset allocation strategy for the equity portion of the fund would use stocks emulating the Standard & Poor's 500 index and cash equivalents. The fixed-income portion would use long-term government bonds and cash equivalents.

Sixty percent of the assets normally would be invested in an indexed stock portfolio, but the allocation between stocks, bonds (20-year Treasuries) and cash equivalents would vary according to Century's investment outlook.

The equity portfolio will be a portfolio of approximately 75 large-capitalization stocks, although this can be tailored to a client's needs.

According to Richard Hokin, partner, an analysis of Century's investment results showed long-term performance was more dependent upon asset mix than on selection of individual issues.

For the five-year period ended Dec. 31, for example, Century's equity funds had a compound annual return of 19.5%, compared with 17.3% for the S&P 500.

Of this return, the asset mix decision contributed 18.1 percentage points, while security selection contributed 1.4 percentage points.

On fixed-income portfolios, the asset mix decision was even more critical since security selection actually reduced the total return by 0.8 percentage points per year during five years.

Mr. Hokin said that while the incremental return added by security selection is small, even in the equity portfolios, it is the labor intensive, and therefore expensive, part of the investment process.

If pension funds are willing to forgo the attempt to get the incremental return that can be achieved by security selection, and are happy with the added return provided by the asset allocation decision, their management fee can be substantially lower, he said.

So far, Century Capital has two clients for its approach: the Chicago Firemen's Annuity Benefit Fund for $25 million and the Idaho Public Employee Retirement System for $42 million.

State Street Bank and Trust offers its pension clients a "reversal" fund that applies contrarian investment strategies.

The idea is to exploit the reversal effect displayed by stocks in the S&P 500 — they generally appreciate for two consecutive quarters, relative to the market, then depreciate for two quarters, said Doug Holmes, an assistant vice president who helped design the fund.

The index portfolio consists of 250 names from the S&P 500. Investments are weighted equally in five quintiles by capitalization.

Stocks that have outperformed the market by at least 10% for two consecutive quarters are sold; stocks that have underperformed the market by at least 10% are purchased. The gains realized from outperforming stocks are reinvested in the underperforming stocks.

However, the fund is rebalanced monthly to maintain equal weighting of each stock in the portfolio.

For the 10-year period ended Dec. 31, an index following such a contrarian investment strategy would have outperformed the S&P 500 by 9.37% annually, according to researchers at State Street.

The key to the State Street strategy, which might seem almost too simple to be true, is discipline, according to Arlene M. Rockefeller, assistant vice president.

"The discipline is built into it, and there's no subjectivity. It never panics and jumps out at the bottom, and never gets carried away and stays on too long," she said.

The fund was made available to pension sponsors in April; to date, it is running $6 million from State Street's own pension assets.

Banker's Trust is offering pension fund clients a number of hybrid indexes, although it has had most success with its options overwriting funds.

Banker's Trust is managing about $100 million in funds structured to add incremental profits by using optionable stocks. The funds are designed to track the S&P 500, but are weighted heavily with optionable stocks.

Unexercised options provide additional income to the fund.

In addition, Bankers Trust offers an "Alpha-plus" fund with an indexed core tracking the S&P 500 and the rest invested in equities selected in a number of ways. Seventy percent of the fund's assets are invested in the index core, which matches every stock in the S&P 500 down to a certain weighting in the S&P. That usually results in about 140 names.

The remaining 30% of the fund's assets are invested according to a strategy of the clients choice. Bankers Trust has tested several models, including a dividend discount model (which selects stocks based on the present value of their projected dividends) and an earnings momentum model (which selects stocks that show the greatest acceleration in earnings growth).

However, clients can suggest active strategies they would like for that portion of the fund.

Bankers has no clients as yet for this concept, and Frederick Nelson, assistant vice president, speculates potential clients are having trouble coming to grips with the choice of strategies. ■

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Russell equity fund down 5.1%

TACOMA, Wash. — The Russell Trust Co. Equity Fund I, underperforming the benchmark, was down 5.1% for the six months ended June 30, and down 6.5% for the year.

That compares with declines of 4.9% and 4.6% respectively for the Standard & Poor's 500 index.

The Russell Special Equity Fund was down 5% for the six months and down 3.2% for the year.

The Russell International I Fund was down 6.2% for the six months and up 5.7% for the year, while the International II Fund was down 8% for the six months and up 6.7% for the year. The Capital International EAFE index was up 2% and 11.6% respectively.

The Russell Trust Co. domestic equity funds had assets of $882 million, while the international funds had assets of $50 million as of June 30. ■

Pacific Basin is next Russell . . .

Continued from page 49

as the negative.

Mr. Eagle said that before joining the consulting company in 1971, he had gone broke as a real estate developer. He said the experience was unpleasant and his confidence was at a low point.

But, he said, Mr. Russell convinced him his mistakes would put him on guard to errors others might make in real estate.

Mr. Russell repeatedly stresses the importance of self confidence, and spends no small effort instilling that feeling in his employees.

Some might think of the company's location as a disadvantage, Tacoma not being a city where moneymaking is a main industry. Mr. Russell said that, to the contrary, the small-town environment promotes a family atmosphere, and provides a place where people can think and care about each other.

He said he likes the "wilderness" of sorts that surrounds Tacoma. In 1969, he liked the "wilderness," or absence, of almost no one being in the pension consulting business.

In 1980, he said, he liked the wilderness of trust and investment companies that offered the same top investment talent that institutional investors use.

Now, he said, he likes the wilderness, or absence, of major consulting firms in the Pacific Basin.

The Frank Russell Co. dates from 1936, when Mr. Russell's grandfather, Frank Russell, a former Wall Street stockbroker, started an investment company in Tacoma.

After graduating from Stanford University with a degree in economics, and from Harvard University with a master's in business administration, George Russell joined the company in 1958. Later that year, Frank Russell died.

George Russell kept his grandfather's mutual fund, Bondstock, but suggested his grandfather's 14 individual clients look elsewhere for professional management.

"I didn't view myself as a particularly outstanding money manager," he said.

Until 1969, Mr. Russell sold Bondstock, other mutual funds, a little life insurance and some real estate. When he realized he didn't want to stay in the retail business for the rest of his life, he started looking at large pools of money. He couldn't get much information on large private pools of money, but could get information on pension funds.

He started reading studies done for pension funds, and discovered most funds could get better performance. Looking for consulting clients, he called Paul Kaltinick at J.C. Penney Co., then a stranger to him. J.C. Penney became his first client, and Mr. Kaltinick became president of his trust company more than a decade later. ■

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Public funds . . .

Continued from page 3

Since then, the Washington State Investment Board has made several moves, which included hiring Schafer Capital Management, New York, and United Capital Management, Denver, to run $65 million each in equity accounts.

The state system also split $60 million evenly among three equity real estate pools. The pools were an open-end Smith, Barney Real Estate Corp. fund, and RREEF West VI and Pacific Mutual Realty Fund II, both closed-end pools.

This move brought the amount invested in equity real estate to $110 million at that time. The board had set a limit of 10% of assets for investment in real estate — 5% in pools and 5% direct.

The investment board placed $780 million in a Standard & Poor's 500 stock index fund at Mellon Capital Management, San Francisco. As reported at the time, the move "furthers a trend of public funds' greater use of passive investments as they move more into equities.

The board also invested $41 million in four venture capital limited partnerships. They are: Menlo Ventures III, Menlo Park, Calif., $20 million; Brentwood Associates IV, Los Angeles, $15 million; Paragon Partners, Menlo Park, $4 million; and Pierce Nordquist Partners, Seattle, $2 million.

• In 1982, Pennsylvania passed a law that increased the maximum investment in equities to 50% of assets, removed the limit on the amount invested in stock in any given year, allowed up to 15% of assets to go into institutional real estate and up to 10% of assets in any investment not otherwise stated.

Following this change, the State Employees' Retirement System appointed four new equity managers for an undisclosed amount. The managers were funded by cash flow from contributions and reallocations.

The fund also hired Payden & Rygel Investment Counsel, Los Angeles, to run a $200 million fixed-income portfolio. The reason for this move, as reported at the time, was a "part of a restructuring under core/specialty formats for both the equity and fixed-income portfolios."

• Legislation passed in 1982 and 1983 greatly increased the authority of the Florida State Board of Administration.

It increased the maximum equity exposure to 60%, and permitted securities lending, the purchase of commercial paper, unlisted securities, stocks of foreign firms listed on a national exchange, the sale of listed options and the purchase of commercial and industrial real estate. The 1983 legislation also gave the State Board of Administration the authority to retain outside managers and advisers.

The board hired three managers for options-overwriting programs on $300 million of the $2.4 billion equity portfolio. The managers are Travelers Investment Management Corp., Hartford, Conn.; and Bear Stearns & Co. and Balch, Hardy & Scheinman, both of New York.

The board also placed $265 million in six pooled real estate accounts: Equitable Life Assurance Society of the U.S.'s separate account No. 8; Prudential Insurance Co.'s PRISA; and pools run by Aetna Life & Casualty Co., John Hancock Mutual Life Insurance Co., First National Bank of Chicago and First National Bank of Boston.

The board also hired Lazard Freres Asset Management, New York; INVESCO Capital Management, Atlanta; and Lehman Management, New York as its first non-index equity managers. Each was given $100 million to manage.

Florida also is considering hiring as many as three global fixed-income managers, which would make the Florida system among the first public funds to move into global fixed-income.

New investments requiring legislative changes also are being considered in some states including Indiana.

Several of the other big moves by state pension funds were unrelated to changes in state laws.

Maine Retirement Systems hired The Boston Co. Energy Advisors to manage its first investment in oil and gas. The initial investment of $5 million will continue for at least three years and could be increased to $10 million and $15 million during that period.

When the South Dakota Retirement System made its first investment in equity real estate, it placed $20 million in open-end commingled funds run by Smith Barney and Wachovia Bank & Trust Co. The fund also planned to invest $15 million to $20 million in one or two closed-end funds.

The Oregon Public Employees Retirement System split the $35 million it invested overseas between four managers — ABD International, New York; Daiwa International, New York; Morgan Guaranty Trust, London; and Rowe Price-Fleming International, Baltimore. The system also plans to allocate additional funds later.

The Oregon system also committed up to $40 million in four venture capital funds: two funds of Cable, Howse & Cozadd, Bellevue, Wash., and funds run by Rainier Venture Partnership, Seattle, and Menlo Associates, Menlo Park, Calif.

The Colorado Public Employees Retirement Association also placed $5 million in venture capital investments. The fund invested in the Centennial Business Development Co. Development Fund's Later-Stage Account. This was the second $5 million investment made in venture capital by the fund. ■

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Growth . . .

Continued from page 3

Burroughs' pension expense changed little between 1982 and 1983, $53.9 million to $52.4 million, but dropped to 13.9% of operating income, from 25.6%. Weyerhaeuser Co.'s pension expense dropped slightly to $39.5 million from $46.6 million, but dropped drastically to 12.2% of operating income, from 20.6% in 1982.

These reductions occurred even though there were far fewer increases in the interest rate assumptions used by these 100 companies. A rise in interest rate assumptions can lead to lower contributions, and many companies did this to reduce costs in the troubled economic times between 1981 and 1982.

Between 1981 and 1982, 37 companies raised their interest assumption, and seven lowered it. Between 1982 and 1983, only 20 companies raised the rate, and 19 reduced it. ■

Poor return . . .

Continued from page 2

been controversial in the state. "We're having a lot of political problems with the banks, taking money out of Nevada banks. It's been difficult moving money out of state."

In the past the endowment emphasized earnings from interest and dividends and this led to an investment strategy stressing current income, said Ms. MacDonald.

She said the fund expects the new emphasis on total return, which includes price appreciation of securities, to provide better returns. ■

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Pensions & Investment Age

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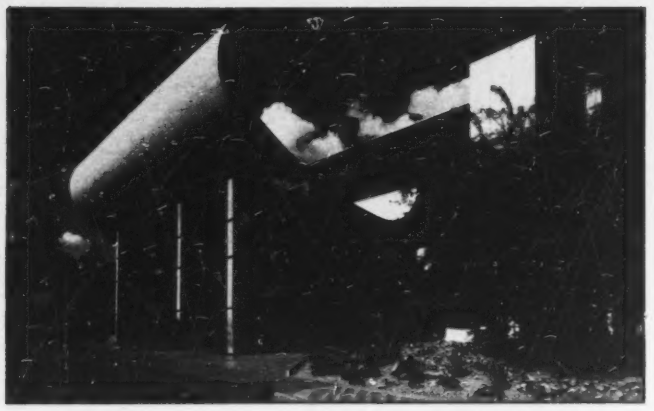

Metrocenter, Phoenix, Ariz.: CPI closed a six-month funding effort

15 institutions commit $150 million to CPI deals

By Mark Westerbeck

NEW YORK — Fifteen institutions, including the Bechtel Power Corp. pension fund, the Hartford Fire Insurance Co. and the Alaska Permanent Fund, have provided $150 million to Corporate Property Investors to complete the financing of 11 projects.

The real estate investment trust closed a six-month, fund-raising effort on Aug. 15, bringing its total equity realty assets to $2 billion.

The capital acquisition was the final step in financing expenses incurred from 1982-'84, in the acquisition of six regional malls, and the development of three other malls, an office building and a mixed-use project. The REIT owns 40 regional shopping centers, its investment specialty. CPI is more than half-owned by U.S. institutions.

The first-time shareholders investing a total of $65 million were: the Bechtel pension fund, $10 million; Hartford Fire, $30 million; and the Alaska Permanent, $25 million (*Pensions & Investment Age*, July 23).

The American Telephone & Telegraph Co. pension fund was among the repeat investors. The fund has been a major investor with the REIT, although it has stood on the investment sideline during the time of the divestiture.

Other repeaters include the Prudential Insurance Co. of America's major pooled fund for pensions, PRISA, $30 million; the International Telephone and Telegraph Corp. pension fund, $15 million; the Mellon Foundation, $5 million; the Pennsylvania State Employees Retirement System, $10 million; the Exxon Corp. pension fund; and the Ford Foundation. Pennsylvania committed $35 million, its first CPI investment, last year.

Sources said CPI tried to nail down one other major investor for the Aug. 15 deadline — the California State Teachers' Retirement System — but the system's trustees did not act on the negotiations at its meeting earlier this month.

A $25 million acquisition of CPI stock by the fund still is possible but not imminent, sources said. The

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Nanuet Mall, Nanuet, N.Y., is among 40 owned by CPI

International attraction growing

2 more allocate abroad

By Rose Darby

NEW YORK — At least two pension funds have hired international managers and four more are conducting manager searches, according to money management and consulting sources.

The latest international moves are in addition to four hirings reported last month, as international investing has become the hot item this summer (*Pensions & Investment Age*, July 23).

As one consultant from a large national firm explained, "We're beginning to make a very significant move into international because there is so much interest on the part of our clients."

Delta Air Lines and GTE Service Corp., reportedly have selected international money managers, while Chevron Corp., Pacific Lighting Corp., National Fuel Gas Co. and the New York City Employees Retirement System are doing searches for global or international advisers.

Further, two of the seven Bell operating companies — Pacific Telesis Group and BellSouth Corp. — are preparing for international searches.

GTE Service Corp. hired L.F. Rothschild, Unterberg, Towbin International Asset Management of London to manage a $19 million global fixed-income account, said Andrew L. Heiskell, vice president of fixed income for the $4.8 billion pension plan.

In characterizing the firm's attitude toward international investment, Mr. Heiskell said no formal search is employed but rather, "we're always looking."

Some international equity managers also have been hired during the second quarter, said Gregory B. Densmore, director of investment evaluation. However, he would not reveal which firms were selected, or how much would be committed to them.

Grantham, Mayo, Van Otterloo of Boston and Wertheim-Philippe International in New York are said to have been hired to manage equities. Officials at the firms would not comment.

These selections bring the number of international managers for GTE to 10.

Its other overseas investment advisers are Fidelity International Investment Management, Boston; Baring International Investment, Boston; G.T. Capital Management, San Francisco; Morgan Grenfell Investment Services Ltd., New York; Morgan Guaranty Trust Co. of New York; Putnam International Advisors, Boston; and Rowe Price-Fleming International Inc., Baltimore.

At Delta, which has about $1.65 billion in employee benefit assets, roughly $15 million has been allocated to each of two international equity managers. They reportedly are Morgan Grenfell and Globe Finlay Inc., New York.

Officials at neither Delta nor the money management firms would verify the hirings.

National Fuel Gas Co., with

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Follow-up due on pension act

By Joel Chernoff

WASHINGTON — The passage of the Retirement Equity Act of 1984 heralds the impending introduction of legislation by key Democrats that might have far-ranging implications for private pension plans.

The new legislation, to be introduced as early as next month, is likely to seek shorter vesting, restrictions on integration with Social Security, and a form of portability.

While praising the passage of the Retirement Equity Act, Geraldine Ferraro, Democratic representative from

Continued on page 57

Geraldine Ferraro

Late news

Ameritech hires Harris

CHICAGO — Ameritech named Harris Trust & Savings Bank, Chicago, master trustee for its $6.4 billion pension fund, said Donald W. Phillips, director-investment management for the regional telephone company.

The appointment is effective immediately, although American Information Technologies Corp. won't receive its pension assets from American Telephone & Telegraph Co. until next year. Upon its creation Jan. 1, Ameritech deferred transfer of the assets until it completed a strategic investment plan and hired a master trustee.

Ameritech has used Harris as interim master trustee since December.

The company declined to name the other banks considered for the position.

Continued on page 2

Market timers caught off their guard by rally

By Richard J. Gillespie

NEW YORK — The bull market that swept down Wall Street Aug. 1 was greeted with disbelief by a number of money managers, particularly market timers who were holding substantial cash positions.

While conventional analysis declared the rally to be institution driven, data analyzed by INDATA, a Stamford, Conn.-based consulting firm, suggested money managers were selling into the rally in the first few days and then sat pat.

However, for market timers the first days of August were not so much their finest hour as a moment of truth, according to Vernon Hodge, a principal with Meidinger Asset Planning Services in Louisville, Ky. The firm is a wholly owned subsidiary of William M. Mercer-Meidinger Inc.

Figures from Salomon Brothers Inc. showed the early days of the rally were powered by institutional block trading. But INDATA figures for 717 investment firms, with $80 billion under management, showed the money managers were net sellers throughout this period.

"These institutions were more fully invested on Aug. 1 than they were in August 1982," said William Kennedy, principal at INDATA. "Back then, their average cash position was 16.9%."

The average cash position of the investment managers monitored by INDATA drifted down from 11.4% May 31, to 11.1% June 30, and stood at 10.6% July 20.

By July 31, the day before the market took off, their aggregate

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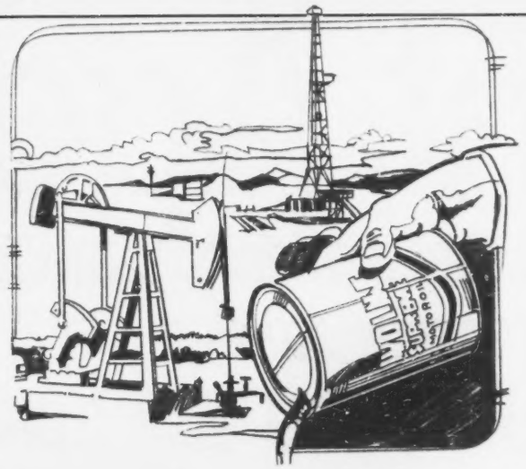

Shell Oil funnels $1 billion into GICs

By Barry B. Burr

HOUSTON — A Shell Oil Co. defined contribution plan is placing $1 billion — the proceeds received from the tender of 17.5 million shares of company stock — in guaranteed investment contracts.

So far, $765 million has been placed with six insurance companies, said J.L. Fort, secretary of the defined contribution plan known as the Provident Fund and of the defined benefit pension plan.

Equitable Life Assurance Society of the United States provided two GICs, totaling $250 million; Metropolitan Life Insurance Co., two GICs, $205 million; Prudential Insurance Co. of America, two GICs, $150 million; Aetna Life & Casualty Co., two GICs, $75 million; Travelers Insurance Co., one GIC, $50 million; and John Hancock Mutual Life Insurance Co., one GIC, $35 million.

The GICs pay different compound rates, all around 13%, Mr. Fort said. The fund will receive proceeds from the GICs from 1987 through 1991, he added.

The fund expects on Aug. 27 to accept bids from companies for the remaining $235 million received in the tender, Mr. Fort said. Frank Russell Co. is working as an adviser to the fund on the GICs, he added.

Mr. Fort said the fund received the $1 billion in May when many employees voted to tender their stock at $58 a share to SPNV Holdings Inc., a Delaware company. SPNV Holdings was formed for the tender offer by Shell Petroleum N.V., a Dutch firm owned 60% by Royal Dutch Shell Co. and 40% by Shell Transport & Trading Co.

Prior to the tender offer, the stock was trading around $40.

The fund still has some 6.5 million shares of Shell Oil stock that employees decided against tendering. The remaining shares represent about 30% of the 18 million Shell shares still trading on the New York Stock Exchange.

The Royal Dutch/Shell group owns about 94% of Shell stock. Mr. Fort said the remaining 6% will continue to trade unless the parent group decides to consummate a merger and acquire the outstanding stock.

Including the $1 billion targeted for new GICs, the Provident Fund has more than $2 billion in assets: $400 million in Shell Oil stock, $200 million in other equities and $500 million in bonds and other GICs.

The fund, investments of which are employee directed, purchased the Shell stock through the years with company contributions, he said.

The recent transactions in the Provident Fund have no effect on Shell Oil's defined benefit plan, which has $2 billion in assets managed separately.

School fund hires for options

By Marci Baker

HARRISBURG, Pa. — The Pennsylvania Public School Employees' Retirement System is launching its first options program and has selected Oppenheimer Capital Corp. and Bankers Trust Co., both in New York, to do the job, according to James Perry, executive director.

What's more, the system reportedly is setting up an incentive fee arrangement for the Bankers account.

The two managers each will run an overwrite program on between $200 million and $250 million in equities.

They will be writing options on holdings in a core portfolio managed by Mellon Bank in Pittsburgh, said Mr. Perry. That portfolio invests in the Wilshire 5000 stocks. About 400 of those stocks are optionable.

In addition, at least one of the new managers will be using stock index options for the Pennsylvania account. As part of its strategy, Oppenheimer writes calls on the Standard & Poor's 100, the most liquid form of index options, a manager there said.

The move into options is being made for the incremental income the system can make on the strategy, Mr. Perry said. Oppenheimer's

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Corporation reorganizes pension area

By Marci Baker

HARTFORD, Conn. — United Technologies Corp. has reorganized its pension operations, splitting the investment and administrative functions.

The change might lead to in-house management of some assets and to greater use of alternative investments.

The move shows the company recognizes the importance of its almost $4 billion in employee benefit assets, and will increase the role of senior management in the pension

UNITED TECHNOLOGIES

fund, according to Stillman Brown, executive vice president in charge of finance and administration.

Previously, the entire pension function was in one group under Joseph Biernat, treasurer.

In the reorganization, Beverly Lannquist, vice president-investor relations, has been assigned to the newly created position of vice president in charge of pension investment, reporting to Mr. Brown.

Mr. Biernat, who has been promoted to senior vice president, will handle the administrative function as chairman of an expanded pension administration committee, said Mr. Brown.

Mr. Biernat will continue as a member of the pension investment committee, which will be chaired by Mr. Brown. It is likely that committee also will be expanded.

"I am still very much involved in the pension investment program, but from a policy standpoint rather than day to day," Mr. Biernat said.

Included on the investment committee will be Ms. Lannquist and probably Sidney McKenna, who as

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Late news

Consultant hired

SEATTLE, Wash. — Burlington Northern has hired Frank Russell Co. as consultant to its roughly $300 million pension fund. Callan Associates, based in San Francisco, was dropped.

Burlington officials were unavailable for comment, but sources said the switch stemmed from personnel changes at the company.

Becker Paribas suit

NEW YORK — Securities dealer A.G. Becker Paribas Inc., filed suit in New York Supreme Court against Paine Webber Inc. and two former employees it hired away from Becker's commercial paper department.

The suit alleges Paine Webber, along with a former Becker managing director and commercial paper buyer, solicited a group of key personnel from Becker's money market division using confidential and proprietary information and files.

It also alleges Paine Webber intended to use that information to solicit Becker's money market clients. Paine Webber's general counsel, Sam Miller, did not return a phone call.

Dedication reported

NEW YORK — Mobil Oil Corp. reportedly is dedicating a large pool of assets with U.S. Trust, New York, its master trustee and only outside fixed-income manager.

Last week, rumors were circulating in the industry of a $1.5 billion dedicated transaction, which some industry sources think might be the Mobil transaction. Charles Clune, manager-benefit funds, was unavailable for comment. U.S. Trust officials declined comment.

Tennessee selects

NASHVILLE — The Tennessee Consolidated Retirement System has hired Chase Manhattan Bank, New York, as master trustee for approximately $1.8 billion of its estimated $3 billion in pension assets, a source said. A substantial portion of the system's assets are in government securities held by the Federal Reserve Bank as custodian, the source added.

Pan Am obtains order

NEW YORK — Pan American World Airways obtained a temporary restraining order against strikes that were called by nearly half the unions representing the airline's 27,000 employees.

The strikes were prompted by a company plan to freeze workers' pension accruals retroactive to Jan. 1. Pan Am has been allowed to defer pension contributions for the past two years. This year, the Internal Revenue Service required Pan Am to freeze benefit accruals before it allowed the beleaguered airline to defer payment of up to $230 million, which would have been due on Sept. 15.

Gillman exits Citicorp

NEW YORK — Barry Gillman, vice president for Citicorp Investment Management International, is leaving to join Prudential Investment Co. of America in Newark, N.J.

Mr. Gillman, who was responsible for marketing and client liaison at Citicorp International, will be vice president-asset management for Prudential Investment Corp. He will be managing director for a unit that oversees a portfolio of international stocks and bonds.

Foundation appoints

LOS ANGELES — The Jones Foundation has hired NWQ Investment Management Co., Los Angeles, and Atalanta Capital Corp., New York, each to run more than $10 million in discretionary accounts, according to Harvey L. Price, executive director and treasurer for the foundation.

Forstmann-Leff Associates Inc., New York, which had been managing about $20 million for the $50 million foundation, was terminated for performance reasons, Mr. Price said.

Coors selects Ariel

GOLDEN, Colo. — Adolph Coors Co.'s $100 million pension fund committed $100,000 to Ariel Capital Management Inc., Chicago, said John W. Rogers Jr., president of the newly formed firm.

Norman E. Fillinger, Coors financial services director, acknowledged the hiring but declined to confirm the amount, saying only it was small.

Mr. Fillinger said Coors was impressed by Mr. Rogers' "personal persuasiveness, direct and straightforward."

Powell to join FRIMCO

PITTSBURGH — Don G. Powell, executive vice president who ran the trust and investment services department of Mellon Bank, will leave to join Frank Russell Investment Management Co., Tacoma, Wash.

He will replace Alfred C. Morley as president and chief executive officer.

Mr. Morley will become the first full-time president of the Institute of Chartered Financial Analysts, Charlottesville, Va.

Mr. Powell said his short-term goals at FRIMCO are to improve investment performance and company growth.

He said his major accomplishments in three years with Mellon were "the dramatic turnaround in the investment performance of Mellon and dramatic success of its master trustee product."

He also said he created the three new Mellon investment subsidiaries: Mellon Capital Management Inc., San Francisco; Mellon Realty Inc., New York; and Franklin Portfolio Associates Inc., Boston.

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Equity funds up in quarter

By Tamara Hanneman

NEW YORK — An emphasis on midsized growth stocks and a defensive posture in the equity market resulted in good performance for bank and insurance company pooled equity funds in the second quarter.

More than half of the 277 funds in Pensions & Investments' Performance Evaluation Report successfully used defensive strategies in the quarter ended June 30 to beat the Standard & Poor's 500 stock index.

The median PIPER fund for the quarter finished with a -2.1% time-weighted return compared with the S&P 500, which came in at -2.6%.

The County Bank of St. Louis was the lead performer for the quarter, with a 4.5% time-weighted total return on its $5 million equity fund.

Allied Bank of Houston was the next best performer, logging a 4.3% return on its fund.

County Bank owes its solid performance to its cash position and its ability to identify and purchase undervalued growth stocks while maintaining diversification, said Carl Enloe, vice president of investments.

The cash position averaged 23% in the second quarter, although that is being reduced.

Stop & Shop Cos. Inc., Sherwin Williams Co. and **Watkins Johnson** performed very well early in the quarter, Mr. Enloe said. **Pneumo Corp.** and **May Department Stores Co.** also proved to be wise choices for the fund, he said.

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Bond funds top index

By Rose Darby

NEW YORK — Shorter maturities were the key to better performance for bank and insurance company commingled fixed-income funds that excelled for the year ended June 30, according to Pensions & Investments' Performance Evaluation Report.

While the Shearson LBKL Index had a lackluster time-weighted total return of 1.8% for the period, the PIPER median fund scored a 2% return.

The time-weighted total returns for the two funds that tied for first place — Citizens Trust Co. in Sheboygan, Wis., and First National Bank in Jackson, Miss. — far exceeded the market at 12.1%.

Citizens Trust's mortgage fund, with $22 million in total assets, was its high performer. That fund is managed by Chamber's Investment Management Group, a firm made up of former Citizens Trust employees, said Kathleen Mulhall, vice president.

"We created the mortgage fund at Citizens four years ago as an anchor to provide attractive income returns with a minimum of principal volatility," Ms. Mulhall explained.

Commercial mortgages with maturities of five years or less represent 30% of the fund. Another 30% is in guaranteed investment contracts with three-year average maturities. A combination of floating-rate Small Business Administration loans and certificates of deposit and GICs makes up the final 40%.

Continued on page 15

SEI-Funds survey of investment firms

Large banks lead in fee increases

By Barry B. Burr

CHICAGO — The money management fees of large banks and trust companies skyrocketed during the past year, compared with fee increases of other investment counselors.

On average, large banks and trust companies raised fees 30%.

Data derived from a survey by SEI-Funds Evaluation Services, Chicago, showed by comparison:

- Small banks and trust companies, those managing less than $3 billion, raised fees 15.6% on average in the past year.
- Large investment counselors, those managing more than $1 billion, raised fees 9%.
- Small investment counselors, with less than $1 billion under management, raised fees 3.6%.

The SEI survey of 154 investment firms showed large banks and trust companies, although increasing their fees the most, still charge the lowest rates.

At the same time, small investment counselors, although raising their fees the least, still charge the highest rates.

David O'Donovan, SEI director, noted the survey included bank subsidiary money management firms under the bank-and-trust-company category. By doing so, he said the survey might have skewed the fees of bank and trust companies, because their money management subsidiaries tend to charge more than conventional banking organizations.

But Mr. O'Donovan said banks and trust companies themselves, besides their subsidiaries, are charging more for management.

In the past, he said, "Bank fees were low to develop client relationships in other areas of the bank," such as commercial banking. "But banks are getting away from that" and are charging higher fees.

Another consultant, Ron Jones, director of Hewitt Associates, Lincolnshire, Ill., agreed. "Banks and trust companies are playing catch-up with (investment) counselors," Mr. Jones said.

At the same time, their subsidiaries are charging even higher rates, Mr. Jones said. "A bank trust department can't charge 70 basis points but a subsidiary can," he added.

SEI surveyed the fees of the four groups of money managers (53 small and 54 large investment counselors and 27 small and 20 large banks and trust companies), for three types of portfolios (equity, fixed income and balanced) and for three account sizes ($10 million, $25 million and $50 million).

The firms base rates on the percentage of assets managed and quote fees in basis points; 100 basis points equals one percentage point.

For example, SEI found the median fee of large banks and trust companies managing a $25 million equity portfolio is 40 basis points, or $100,000. The fee represents a 54%, or $35,000, increase from 1983 when the median fee of large banks and trust companies for managing $25 million in equities was 26 basis points, or $65,000.

In contrast, the median fee of small investment counselors for running $25 million in equities is 60 basis points, or $150,000. In 1983,

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Investment management fees (in basis points)*

	Balanced fund size ($ mil.)			Equity fund size ($ mil.)			Fixed fund size ($ mil.)		
	$10	$25	$50	$10	$25	$50	$10	$25	$50
Large counselors (more than $1 billion under management)									
Highest	100	100	90	100	100	100	50	50	50
25th quartile	75	65	65	88	67	55	50	38	34
Median	64	56	48	65	58	50	40	35	30
75th quartile	50	48	39	50	48	41	35	30	25
Lowest	38	35	27	38	35	27	25	20	21
Small counselors (less than $1 billion)									
Highest	100	95	85	100	100	100	55	52	51
25th quartile	75	61	55	77	65	56	50	40	36
Median	63	54	44	68	60	50	42	35	31
75th quartile	55	43	35	58	49	42	35	29	27
Lowest	37	30	25	37	30	25	25	20	20
Large banks and trust companies (more than $3 billion)									
Highest	65	56	46	85	76	73	50	44	38
25th quartile	50	46	38	50	50	38	36	32	29
Median	47	38	32	50	40	33	33	27	25
75th quartile	34	24	20	33	24	20	30	23	18
Lowest	25	19	17	25	19	17	17	13	11
Small banks and trust companies (less than $3 billion)									
Highest	75	66	65	75	66	65	55	42	37
25th quartile	60	51	41	60	51	41	45	35	29
Median	50	40	34	50	40	34	38	30	28
75th quartile	39	30	27	39	30	27	35	27	22
Lowest	22	17	13	22	17	13	22	17	13

Source: SEI Funds Evaluation

* 100 basis points equal one percentage point.

Agency to assume $10 million in liabilities

PBGC grants multiemployer plan split

By Tamara Hanneman

WASHINGTON — A multiemployer pension plan was granted a precedent-setting split when the PBGC assumed the pension liabilities of the bankrupt Fred Sanders Co., a former member of the plan.

The split, granted to the Council 30 Retirement Plan, which covers bakery and confectionery workers, was the first allowed since the Multiemployer Pension Plan Amendment Act was passed in 1980. In the case, the Pension Benefit Guaranty Corp. agreed to take on approximately $10 million in liabilities from the terminated portion of the plan serving the former ice cream company's employees, 600 on pay status, which includes retirees or those still on payroll, and 600 active.

Sanders went bankrupt effective August 1983. At that time, it was taken over by Michigan Confectioners Inc., which kept the Sanders name but did not join the Council 30 plan.

In such an event, the PBGC frequently divides the liabilities of the terminated portion of the plan among the remaining fund sponsors. The allotment of liabilities is determined by the sizes of the remaining sponsors.

In the Council 30 case, that would have stuck the next largest employer in the fund, Awrey Bakeries Inc., with approximately 80% of the Sanders liabilities, according to Awrey's attorney, Gary W. Novara. Coupled with its own liabilities, the sum would have been greater than the corporation's net worth, he said.

Awrey filed for a partition of the Council 30 plan in January 1981, a month before Sanders filed for bankruptcy. After the Sanders bankruptcy filing, Awrey withdrew from the plan, realizing Sanders no longer would meet its liabilities.

Under the PBGC settlement, Awrey once again will join Council 30 and take primary responsibility for the remaining 900 to 1,000 employees in it. The plan has about $7.2 million in liabilities and $1.1 million in assets.

The Council 30 plan will be split into two, the Sanders plan and the old Council 30 plan.

Fifty-eight percent of the assets and liabilities of the Council 30 plan will be placed in the Sanders plan and assumed by the PBGC. The remainder of the assets and liabilities will go into the "old plan" and be assumed by Awrey.

"The PBGC agreement was premised on Awrey's willingness to rejoin the plan and take on those responsibilities," said Robert Awrey, chairman.

By granting the split, the PBGC was acting on strong evidence that without a split, the plan was threatened with insolvency, Mr. Novara said. He added this problem might arise again in declining industries — those that once were labor-intensive and now are increasingly automated.

"This is a representative situation that demonstrates the hazards and liabilities of multiemployer plans," Mr. Awrey said. ■

Cash management survey available

The results of *Pensions & Investment Age*'s annual survey of corporate cash managers' attitudes toward their cash management banks are reported on page 35. Copies of the 60-page survey are available to readers.

For details contact Julie Hunt, *Pensions & Investment Age*, 220 E. 42nd St., New York, N.Y. 10017.

PIPER

The statistical data is extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation service published by Pensions & Investment Age. PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.

PIPER equity . . .

Continued from page 3

Allied Bank's $9 million commingled fund is managed by Criterion Investment Management Co., Houston. Charles Miller, chief executive officer at Criterion, echoed Mr. Enloe's remarks.

He noted that while Allied's concentration in growth stocks led to a relatively low performance in the second half of 1983, it also was responsible for the high marks in the first half of this year.

The fund avoided energy, bank and strictly cyclical stocks, and maintained cash reserves between 20% and 30%, which is average for the fund, Mr. Miller said.

Finishing third for the quarter was Manufacturers National Bank of Detroit, with 3.5%. InterFirst Investment Management, Dallas, had the fourth best performing equity fund for the quarter, with a 3.4% return.

Continental National Bank, Fort Worth, Texas, finished first for the year ended June 30; its $2 million equity fund garnered an 8.8% time-weighted total return.

Frank Ganucheau, senior vice president and trust investment officer at Continental, looks for low price-earning stocks with stable earnings and strong balance sheets. Continental was in oil early in the year, and maintained exposure to food and tobacco stocks such as **Brown & Foreman, American Brands Inc.** and **R.J. Reynolds Industries Inc.**

The fund kept cash reserves in the 15% to 20% range, and any change in that would mean an increased concentration in the food or tobacco sectors, according to a Continental spokesman.

First Union National Bank, in Charlotte, N.C., finished second for the year with a 7.3% return on its $75 million commingled equity fund.

First Union owes its success to a strictly disciplined valuation and market timing approach, according to Mark Sipe, vice president and director of research for the trust investment department.

Supplementing its stock picking skills with market timing gave the bank its superior performance for the year, he said.

The fund had above-average cash reserves during 1984's second quarter and had investments in traditionally defensive sectors such as foods, tobacco, regional banks and utilities, Mr. Sipe said.

"At present we are reevaluating our market stance, given that many of the factors we look at are in a dynamic mode, at a threshold," he added, referring to recent surges in the stock market, and the gradual but steady rise in interest rates.

"Until we see verification of these directions, we are going to maintain our defensive posture," Mr. Sipe said.

Following First Union for the year were United States Trust Co. of New York with a 6.9% time-weighted return on its commingled equity fund, and First Interstate Bank of Oregon in Portland with 5.6%.

Landmark Union Trust Bank in St. Petersburg, Fla., came in fifth for the year with 5%.

For the year, the best performers of the large funds — those with more than $100 million in pooled assets — belonged to Massachusetts Mutual Life Insurance Co., Springfield, Mass., and Provident National Bank of Philadelphia, both with time-weighted returns of 1.1%.

These 12-month results compare with the median PIPER fund's -8.2% and the S&P 500's -6.7%.

Manufacturer's Life Insurance Co. of Toronto which finished at the top of the list for the three-year, five-year and 10-year periods ending June 31, 1984, slid to the 198th slot in the tally for the year. It climbed to the 66th position during the quarter ending June 30.

The firm's portfolio of $15 million in U.S. pension assets finished with a compounded annual return of 25.6% for the three year period ending June 31. It's time weighted return for the year was -14%, and for the quarter was -0.6%.

"In the last half of 1983 we got caught with a few things I should have sold, particularly some high tech names and high Beta stocks," explained Donavon McKerchar, investment manager.

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Top quartile equity funds 16
Top equity funds by size 16
Top quartile bond funds 18
Top bond funds by size 18

PIPER bond . . .

Continued from page 3

The average maturity for the entire mortgage fund was three years or less, added Ms. Mulhall.

First National Bank in Jackson's aggressively managed bond fund tied for the top spot.

The fund's recently attained structure features 20% in Small Business Administration loans, 20% in GICs and the balance in intermediate Treasuries, said Chris Grillis Jr., vice president, who oversees the $30 million portfolio.

The majority of the government issues mature between 1989 and 1991.

"Early last fall, when rates were around 10.5%, I sold off the intermediate Treasuries. A month to six weeks later, rates had gone to 12%. So, I bought them all back at that rate," Mr. Grillis said.

"The same thing happened this past February. And again, I sold off the intermediate bonds until just recently, when I bought them back at 13% plus."

Other bond funds sharing the performance limelight for the year ended June 30, were Hawaiian Trust Co. Ltd. with a 9.5% time-weighted total return, County Bank of St. Louis up 8.9%, and First City Bank of Dallas up 8.4%.

Among funds of $100 million or more, Prudential Insurance Co. of America, Newark, N.J., had funds occupying first and third place for the year.

Its $440 million, VCA 8 Intermediate Bond Fund trounced its peers with a 6.6% time-weighted total return.

Its VCA 7 Active Fund, with $175 million in assets, placed third with 4%.

In second place for funds with $100 million or more was Comerica Bank-Detroit's Intermediate Fund, with 5.3%.

Prudential's VCA 8 featured an average maturity of four years with a duration for the total account of approximately 2½ years, said Stephen J. Klos, director of bond management for Prudential's Capital Markets Department.

"In a sense we were postured very defensively," he said. "This account has these characteristics permanently. So, in a bull (bond) market we'd have a tendency to underperform the market and in a bear (bond) market we'd have a tendency to outperform."

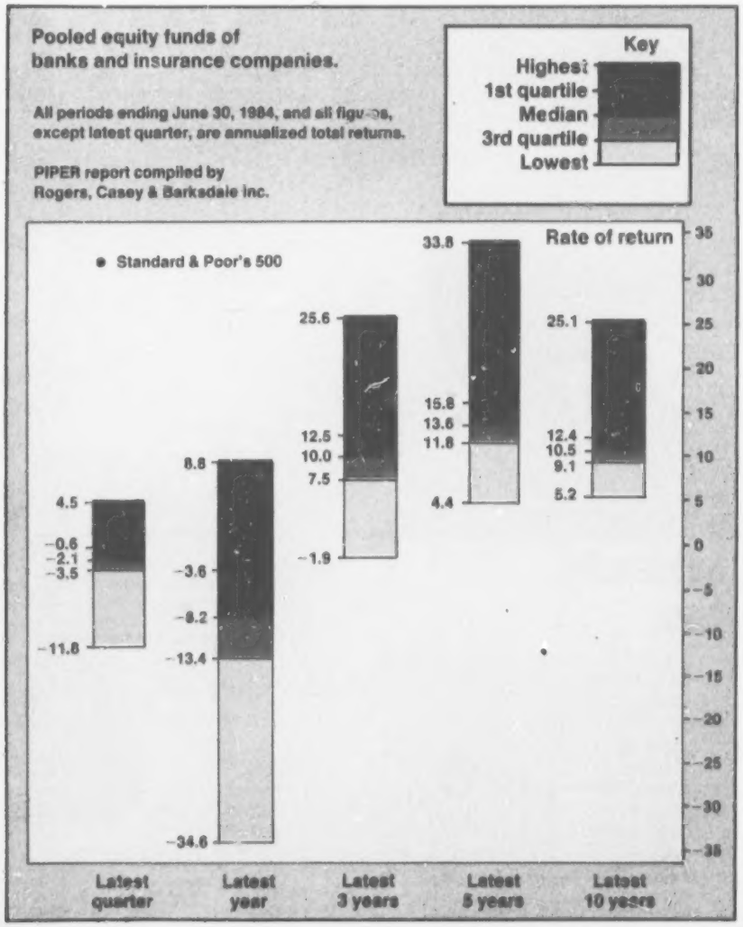
The fund is weighted more heavily in corporate bonds.

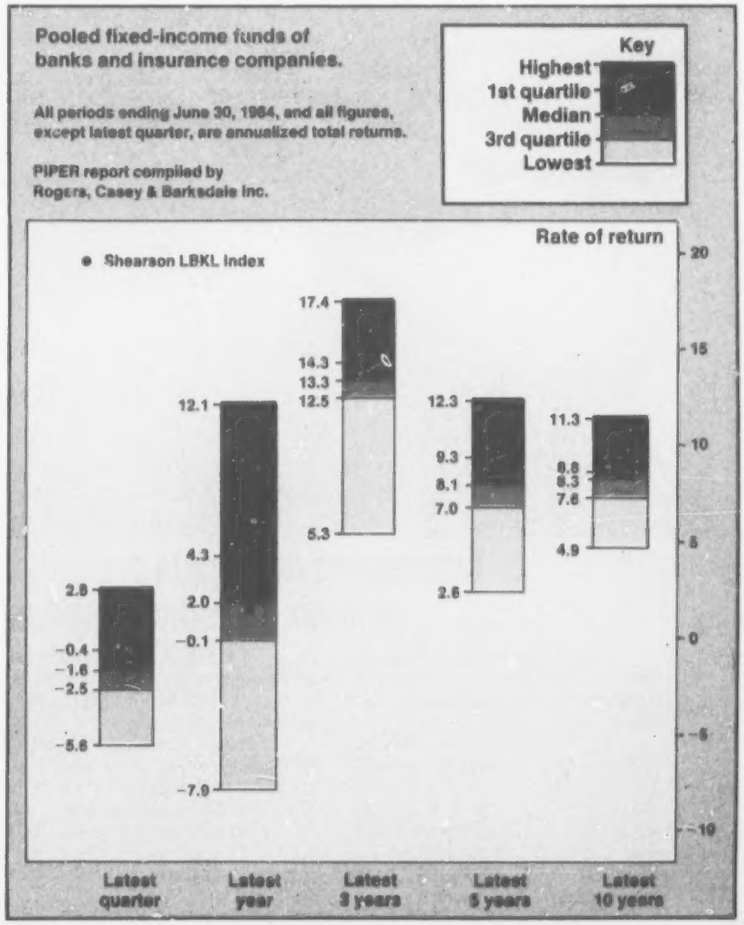
"But, more recently we've started to shift the emphasis to government bonds. This is because the spreads between corporates and governments have compressed to a point where, on a relative value basis, the government sector provides a better value," Mr. Klos said.

As of June 30, the fund was 40% in Treasuries and agencies, 20% in industrial bonds, 21% in consumer finance issues, 6% in utility bonds, and 14% in other issues such as Canadian and Yankee bonds, he said.

Fixed-income returns reflected

Continued on page 21





PIPER

Top quartile commingled equity funds

3-month returns

	%
County Bank of St. Louis	4.5
Allied Bank, Texas	4.3
Manufacturers Detroit	3.5
Interfirst Invt. Mgmt., Texas	3.4
Resource Bank & Trust, Minn.	3.2
First Trust Corp., Colo.	3.1
First Union Bank, N.C.	2.8
BancTexas, Dallas	2.5
Guardian Insurance, N.Y.	2.5
First Wis. National	2.3
First of Pa., Erie	2.3
American Fletcher, Ind.	2.0
First Interstate of Calif.	1.8
American Bank, Tenn.	1.6
Security Natl. Bank, W. Va.	1.4
First Bank, Milwaukee	1.4
Fidelity Natl., La.	1.4
Cullen Bank, Texas	1.4
Peoples Trust, Ind.	1.3
John Hancock, Mass.	1.3
California First Bank	1.3
Philadelphia National	1.3
Toledo Trust, Ohio	1.3
Union Natl., Wichita, Kan.	1.2
Old Kent, Mich.	1.1
Landmark Union Trust, Fla.	1.1
First of Bartlesville, Okla.	1.0
Girard Bank, Pa.	1.0
US Trust, N.Y.	0.9
Lake Shore Natl., Ill.	0.9
Puget Sound Natl., Wash.	0.9
Natl. of Commerce, Neb.	0.8
John Hancock, Mass.	0.8
Bank of the West, Calif.	0.7
Mercantile Safe, Md.	0.7
Continental Bank, Pa.	0.6
Liberty National, Okla.	0.6
Boatmen's National, Mo.	0.5
Bank of Delaware	0.5
Landmark First Natl., Fla.	0.5
Citizens Trust Co. Wis.	0.4
First Kentucky Trust	0.4
Sovran Bank, Va.	0.4
Central Fid., Richmond, Va.	0.4
Gary Wheaton Bank, Ill.	0.3
Centerre Trust, Mo.	0.3
American Natl., Chicago	0.2
Ouachita Natl., La.	0.2
Old Second Natl., Ill.	0.1
Equibank, Pa.	0.1
Penn Mutual Life, Pa.	0.1
First City Dallas	0.1
First Natl. of Commerce, La.	0.0
American Natl., Austin	−0.0
Bank One, Ohio	−0.1
First of Mobile, Ala.	−0.1
Fidelity Bank, Okla.	−0.1
First Trust St. Paul, Minn.	−0.1
Lloyds Bank, Calif.	−0.2
United Virginia Bank	−0.2
Union Planters, Tenn.	−0.2
Citibank, N.Y.	−0.2
Phoenix Mutual, Conn.	−0.5
Indiana National Bank	−0.6
Sun Bank, Fla.	−0.6
Manufacturers Life, Ont.	−0.6
Nationwide Life Ins., Ohio	−0.6
Standard & Poor's 500	**−2.6**

A look at 10 years of ERISA: Sept. 3.

1-year returns

	%
Continental National, Texas	8.8
First Union Bank, N.C.	7.3
US Trust, N.Y.	6.9
First Interstate of Oregon	5.6
Landmark Union Trust, Fla.	5.0
Mercantile Safe, Md.	4.8
Jefferson Trust, Ill.	4.3
Phoenix Mutual, Conn.	3.8
United Virginia Bank	3.4
Bank of New England, Mass.	3.2
Cullen Bank, Texas	3.2
Greeley National, Colo.	2.6
Bank of the West, Calif.	2.4
First of Warsaw, Ind.	2.2
First of Bartlesville, Okla.	2.1
Citytrust, Conn.	2.0
BancTexas, Dallas	1.8
Fourth Natl., Tulsa, Okla.	1.6
Central Penn., Pa.	1.3
Mid-State Bancorp, Pa.	1.1
Natl. of Commerce, Tenn.	1.1
Massachusetts Mutual	1.1
Provident National, Pa.	1.1
Nationwide Life Ins., Ohio	1.0
Ouachita Natl., La.	0.8

Investment managers are only as successful as their investment philosophies.

Every year, it seems, a large percentage of investment managers discard their suddenly shopworn philosophies for those in vogue.

At First Union, we don't subscribe to faddish trends. Our approach to investment management is ordered and highly disciplined. Painstakingly developed, our methods have proven effective in good markets and bad. And, our performance consistently ranks us among the very best money managers in the country.

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FIRST UNION

1200 First Union Plaza
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Top equity funds by size

1-year returns

Over $100 million

	%
Massachusetts Mutual	1.1
Provident Natl., Pa.	1.1
Fidelity Mgmt. Trust, Mass.	−1.8
Metropolitan Life, N.Y.	−1.9
CREF, N.Y.	−4.0
Bankers Trust, N.Y.	−4.3
American Natl., Chicago	−4.6
John Hancock, Mass.	−4.9
Aetna Life & Cas., Conn.	−6.0
Life of Virginia	−6.3

$50 million to $100 million

	%
First Union Bank, N.C.	7.3
US Trust, N.Y.	6.9
Old Kent, Mich.	−0.2
First Pennsylvania Bank	−0.8
Mellon Bank, Pa.	−1.1
United Missouri, K.C.	−1.3
AmeriTrust, Ohio	−1.3
John Hancock, Mass.	−1.7
Manufacturers Detroit	−1.9
Centerre Trust, Mo.	−2.1

$10 million to $50 million

	%
First Interstate of Oregon	5.6
Landmark Union Trust, Fla.	5.0
Mercantile Safe, Md.	4.8
Jefferson Trust, Ill.	4.3
Phoenix Mutual, Conn.	3.8
Bank of New England, Mass.	3.2
Cullen Bank, Texas	3.2
Citytrust, Conn.	2.0
Fourth Natl., Tulsa	1.6
Central Penn., Pa.	1.3

Under $10 million

	%
Continental National, Texas	8.8
Greeley National, Colo.	2.6
Bank of the West, Calif.	2.4
First of Warsaw, Ind.	2.2
First of Bartlesville, Okla.	2.1
BancTexas, Dallas	1.8
Natl. of Commerce, Tenn.	1.1
United Carolina Bank, N.C.	0.7
Irving Trust, N.Y.	0.6
Lake Shore Natl., Ill.	0.0

10-year returns

Over $100 million

	%
US Natl. of Oregon	17.1
Bankers Life, Iowa	16.6
Aetna Life & Cas., Conn.	15.3
Provident National, Pa.	14.8
Massachusetts Mutual	14.5
Life of Virginia	13.5
Equitable Life, N.Y.	13.5
Natl. City, Cleveland	12.8
Interfirst Invt. Mgmt., Texas	11.7
Travelers, Conn.	11.2

$50 million to $100 million

	%
AmSouth, Ala.	17.7
Bessemer Trust, N.Y.	16.4
First Union Bank, N.C.	13.6
Chicago Title & Trust	13.6
First of America, Mich.	12.6
Sentry Life, Wis.	12.5
Manufacturers Detroit	12.4
Mutual Benefit, N.J.	12.1
First Pennsylvania Bank	11.9
AmeriTrust, Ohio	11.3

$10 million to $50 million

	%
Manufacturers Life, Ont.	25.1
Philadelphia Life, Pa.	19.7
Guardian Insurance, N.Y.	19.4
First Wis. Natl., Madison	19.3
First Variable Life, Ark.	18.4
US Natl. of Galveston	18.1
First Trust Corp., Colo.	17.2
Landmark Union Trust, Fla.	15.8
Employers Life of Wausau	15.4
First of Oklahoma	15.0

Under $10 million

	%
Citizens Chillicothe, Mo.	18.8
Confederation Life, Ont.	18.6
Capital Bank, Houston	15.1
First of Kenosha, Wis.	13.7
United of Denver	13.6
Continental Natl., Texas	13.4
Wheeling Dollar Bank	13.0
Olympic Bank, Wash.	13.0
First Tennessee, Chat.	12.5
Union Central, Ohio	12.4

United Carolina Bank, N.C.	0.7
Minnesota Mutual	0.7
Mercantile Trust, Mo.	0.6
Irving Trust, N.Y.	0.6
US Natl. of Galveston, Texas	0.6
Lake Shore Natl., Ill.	0.0
Old Kent, Mich.	−0.2
Confederation Life, Ont.	−0.3
Landmark First Natl., Fla.	−0.6
Bank of Oklahoma	−0.7
Lincoln Natl., Ind.	−0.7
First Pennsylvania Bank	−0.8
Connecticut Mutual Life	−0.9
Mellon Bank, Pa.	−1.1
United Missouri, K.C.	−1.3
AmeriTrust, Ohio	−1.3
Dauphin Deposit, Pa.	−1.4
John Hancock, Mass.	−1.7
Fidelity Mgmt. Trust, Mass.	−1.8
Manufacturers Detroit	−1.9
First of Elgin	−1.9
Metropolitan Life, N.Y.	−1.9
Security Natl. Bank, W. Va.	−2.0
Union Central, Ohio	−2.0
Centerre Trust, Mo.	−2.1
New Jersey National	−2.1
Central Fid., Richmond, Va.	−2.2
Sun Bank, Fla.	−2.4
Manufacturers & Trader, N.Y.	−2.4
Sovran Bank, Va.	−2.4
Natwest USA, N.Y.	−2.6
Midlantic Natl., N.J.	−2.8
American Bank, Tenn.	−3.2
AmSouth, Ala.	−3.2
First of Mobile, Ala.	−3.4
First Interstate of Wash.	−3.4
Guardian Insurance, N.Y.	−3.6
Oregon Bank	−3.6
Southeast Bank, Fla.	−3.6
Standard & Poor's 500	**−4.7**

3-year returns

	%
Manufacturers Life, Ont.	25.6
First Union Bank, N.C.	22.1
AmSouth, Ala.	20.4
First Variable Life, Ark.	20.4
Connecticut Mutual Life	20.3
Sun Bank, Fla.	19.2
Mutual Benefit, N.J.	17.6
Lake Shore Natl., Ill.	17.6
Resource Bank & Trust, Minn.	17.5
Dauphin Deposit, Pa.	17.1
Huntington Banks, Ohio	16.5
First of Oklahoma	16.4
Minnesota Mutual	16.3
First Bank Milwaukee	16.2
Guardian Insurance, N.Y.	16.1
Landmark Union Trust, Fla.	16.0
United of Denver	15.8
First Interstate of Oregon	15.7
Continental Natl. Bank, Texas	15.6
US Natl. of Galveston	15.3
Confederation Life, Ont.	15.3
Union Central, Ohio	15.2
Nationwide Life Ins., Ohio	15.1
First of Warsaw, Ind.	14.9
Mercantile Safe, Md.	14.9
Manufacturers Detroit	14.8
Merchants Natl., Ala.	14.8
United Virginia Bank	14.8
US Natl. of Oregon	14.8
Gary Wheaton Bank, Ill.	14.7
Citizens Trust Co., Wis.	14.4
Mid-State Bancorp, Pa.	14.4
Natl. of Commerce, Tenn.	14.3
Wheeling Dollar Bank, W. Va.	14.2
United Carolina Bank, N.C.	14.2
American Natl., Chicago	14.1
Provident National, Pa.	14.1
Fourth Natl., Tulsa	14.0
Massachusetts Mutual	14.0
Aetna Life & Casualty, Conn.	13.8
Old Kent, Mich.	13.8
Midlantic National, N.J.	13.8
First Kentucky Trust	13.7
Bank of Delaware	13.7
First Wis. National, Madison	13.6
Irving Trust, N.Y.	13.6
Southeast Bank, Fla.	13.4
Jefferson Trust, Ill.	13.3
American Fletcher, Ind.	13.3
Fifth Third Bank, Ohio	13.2
First of Bartlesville, Okla.	13.1
Midlantic National, N.J.	13.0
John Hancock, Mass.	12.9
Citytrust, Conn.	12.9
First Tennessee, Chat.	12.9
HT Investors, R.I.	12.9
Home Life, N.Y.	12.8
First Pennsylvania Bank	12.8
Seattle Trust, Wash.	12.7
Central Fid., Richmond	12.7
Employers Life of Wausau, Wis.	12.5
Sovran Bank, Va.	12.5
Ohio Citizens Trust	12.5
Standard & Poor's 500	**10.8**

Real estate adviser profiles: Sept. 3.

5-year returns

	%
Manufacturers Life, Ont.	33.8
First Union Bank, N.C.	23.5
Employers Life of Wausau, Wis.	21.2
First of Oklahoma	20.9
First Wis. Natl., Madison	20.1
United of Denver	19.7
Provident National, Pa.	19.7
Connecticut Mutual Life	19.6
AmSouth, Ala.	19.4
US Natl. of Oregon	19.3
Equitable Life, N.Y.	19.2
Sun Bank, Fla.	19.0
Philadelphia National	18.7
Confederation Life, Ont.	18.6
Guardian Insurance, N.Y.	18.5
First Variable Life, Ark.	18.3
Home Life, N.Y.	18.0
Mercantile Safe, Md.	17.9
US Natl. of Galveston	17.8
Lake Shore Natl., Ill.	17.8
Wheeling Dollar Bank, W. Va.	17.6
First Natl. of Commerce, La.	17.6
Massachusetts Mutual	17.6
First Trust Corp., Colo.	17.5
Dauphin Deposit, Pa.	17.4

Denver Investment Advisors, Inc.

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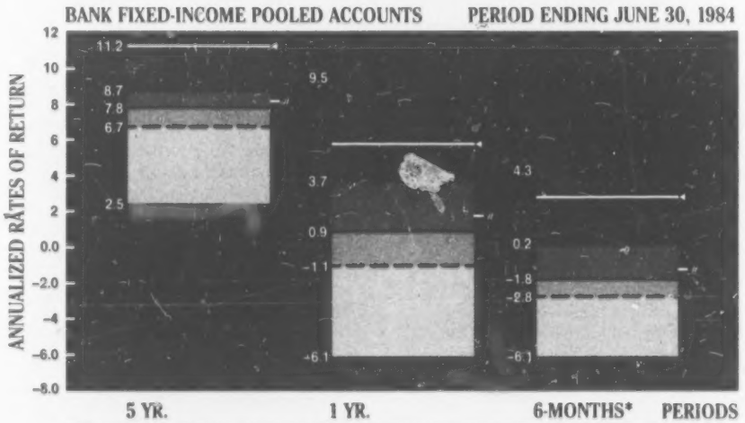

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Fidelity Bank

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Manufacturers Detroit	17.3
Aetna Life & Casualty, Conn.	17.3
Girard Bank, Pa.	17.3
Continental Natl. Bank, Texas	17.2
Landmark Union Trust, Fla.	17.1
Penn Mutual Life, Pa.	17.1
Texas Commerce	17.0
Citizens Chillicothe, Mo.	17.0
Bessemer Trust, N.Y.	17.0
Fourth Natl., Tulsa	17.0
First Interstate of Nevada	16.9
United Virginia Bank	16.9
Philadelphia Life, Pa.	16.9
Mutual Benefit, N.J.	16.8
Huntington Banks, Ohio	16.8
Minnesota Mutual	16.8
Northern Trust, Ill.	16.7
Natl. of Commerce, Neb.	16.6
Phoenix Mutual, Conn.	16.5
First Interstate of Oregon	16.5
State Street Bank, Mass.	16.4
IAA Trust Co., Ill.	16.4
Citytrust, Conn.	16.3
Fifth Third Bank, Ohio	16.2
Union Central, Ohio	16.2
First Tennessee, Chat.	16.2
Nationwide Life Ins., Ohio	16.2
Unibanctrust, Ill.	15.9
Southeast Bank, Fla.	15.9
Security Trust, Rochester	15.9
Citibank, N.Y.	15.9
Rainier National, Wash.	15.8
Mid-State Bancorp, Pa.	15.8
First Interstate of Wash.	15.8
Standard & Poor's 500	**14.0**

10-year returns

	%
Manufacturers Life, Ont.	25.1
Philadelphia Life, Pa.	19.7
Guardian Insurance, N.Y.	19.4
First Wis. Natl., Madison	19.3
Citizens Chillicothe, Mo.	18.8
First Variable Life, Ark.	18.4
US Natl. of Galveston, Texas	18.1
AmSouth, Ala.	17.7
First Trust Corp., Colo.	17.2
US Natl. of Oregon	17.1
Confederation Life, Ont.	16.6
Bankers Life, Iowa	16.6
Bessemer Trust, N.Y.	16.4
Landmark Union Trust, Fla.	15.8
Employers Life of Wausau, Wis.	15.4
Aetna Life & Casualty, Conn.	15.3
Capital Bank, Houston	15.1
First of Oklahoma	15.0
Provident National, Pa.	14.8
Liberty National, Okla.	14.7
Penn Mutual Life, Pa.	14.5
Massachusetts Mutual	14.5
Home Life, N.Y.	14.3
Minnesota Mutual	14.0
Natl. of Commerce, Neb.	13.9
Fifth Third Bank, Ohio	13.8
First of Kenosha, Wis.	13.7
First Interstate of Wash.	13.6
First Union Bank, N.C.	13.6
Bank of Oklahoma	13.6
Chicago Title & Trust	13.6
United of Denver	13.6
Nationwide Life Ins., Ohio	13.6
Life of Virginia	13.5
Equitable Life, N.Y.	13.5
Continental National, Texas	13.4
Phoenix Mutual, Conn.	13.4
Northern Trust, Ill.	13.3
Wheeling Dollar Bank, W. Va.	13.0
Olympic Bank, Wash.	13.0
First Interstate of Oregon	12.8
Natl. City, Cleveland	12.8
Texas American Bank	12.6
First of America, Mich.	12.6
First Tennessee, Chat.	12.5
Sentry Life, Wis.	12.5
Bank of Delaware	12.5
Security Trust, Rochester	12.5
Jefferson Trust, Ill.	12.4
Union Central, Ohio	12.4
Pittsburgh Natl., Pa.	12.4
Manufacturers Detroit	12.4
Standard & Poor's 500	**11.3**

Top quartile commingled fixed-income funds

3-month returns

	%
Hawaiian Trust	2.8
Citizens Trust Co., Wis.	2.8
First Pennsylvania Bank	2.5
First Natl., Jackson, Miss.	2.3

Top fixed funds by size

1-year returns

Over $100 million

	%
Prudential, N.J.	6.6
Comerica Bank, Mich.	5.3
Prudential, N.J.	4.0
Morgan Guaranty, N.Y.	2.9
Natl. Bank of Detroit	0.8
Chemical Bank, N.Y.	0.3
Natl. City, Cleveland	0.3
Equitable Life, N.Y.	0.2
Harris Trust, Ill.	0.0
Irving Trust, N.Y.	−0.5

$50 million to $100 million

	%
Interfirst Invt. Mgmt., Texas	5.1
First Union Bank, N.C.	4.7
Mellon Bank, Pa.	4.6
Midlantic Natl., N.J.	3.2
Mercantile Trust, Mo.	2.8
American Natl., Chicago	2.4
Mutual of New York	1.1
John Hancock, Mass.	0.9
US Trust, N.Y.	0.6
Marine Midland, N.Y.	0.2

$10 million to $50 million

	%
Citizens Trust Co., Wis.	12.1
First Natl., Jackson	12.1
Ouachita Natl., La.	8.2
AmeriTrust, Ohio	7.4
Heritage Trust, Wis.	7.1
Mercantile Safe, Md.	6.7
Hamilton Bank, Pa.	6.5
Fidelity Bank, Pa.	5.9
American Bank, Tenn.	5.6
United Missouri, K.C.	5.4

Under $10 million

	%
Hawaiian Trust	9.5
County Bank of St. Louis	8.9
First City Dallas	8.4
First of Elgin, Ill.	8.2
First Citizens, N.C.	8.1
Pioneer Bank, Ill.	7.6
AmSouth, Ala.	7.6
First of Pa., Erie	6.9
United Carolina Bank, N.C.	6.9
First of Bartlesville, Okla.	6.8

10-year returns

Over $100 million

	%
Texas Commerce	10.1
American Security, D.C.	10.0
Manufacturers Hanover, N.Y.	9.6
Centerre Trust, Mo.	8.7
Irving Trust, N.Y.	8.3
Citibank, N.Y.	8.3
Prudential, N.J.	8.2
Wachovia Bank, N.C.	8.2
Natl. Bank of Detroit	8.2
Natl. City Cleveland	7.7

$50 million to $100 million

	%
Mercantile Trust, Mo.	9.8
John Hancock, Mass.	9.0
American Natl., Chicago	9.0
US Trust, N.Y.	8.8
Midlantic Natl., N.J.	8.6
Bankers Trust, N.Y.	8.6
First Union Bank, N.C.	8.3
Comerica Bank, Mich.	7.7
Marine Midland, N.Y.	7.5
Mellon Bank, Pa.	5.9

$10 million to $50 million

	%
Fourth Natl., Wichita	10.8
Sovran Bank, Va.	10.6
Fidelity Bank, Pa.	10.5
Jefferson Trust, Ill.	10.4
Fidelity Union, N.J.	10.1
First Jersey Natl., N.J.	9.8
Seattle First Natl., Wash.	9.7
AmeriTrust, Ohio	9.7
First Interstate of Calif.	9.6
Riggs of Washington	9.2

Under $10 million

	%
Pacific Mutual, Calif.	11.3
Beverly Bank, Ill.	9.7
California First Bank	9.6
First of Neenah, Wis.	9.3
First of Pa., Erie	9.3
First of Bartlesville, Okla.	9.3
Penn Bank, Pa.	9.3
First of Warsaw, Ind.	9.2
Central Fid., Lynchburg, Va.	9.1
Security Trust, Rochester	9.1

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The very foundation of a successful plan. IDS Trust provides *total* administrative services for 401(k) plans, including:

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- anti-discrimination testing
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- plan trustee and custodian

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Because no two employees have the same investment needs, IDS Trust offers 11 investment funds—each exclusively designed for tax-qualified plans. The broad spectrum of these funds—from the secure, steady growth to the more aggressive, high growth—will satisfy the investment objectives of your employees. And will encourage employee participation.

Communications.

The major employee motivator. How a 401(k) plan is presented to—and accepted by—employees can mean its success...or failure. IDS Trust knows that employee participation requires complete understanding of the plan and its benefits. Employees need information stated clearly in order to make the right decisions. An effectively communicated 401(k) sparks employee interest and increases participation.

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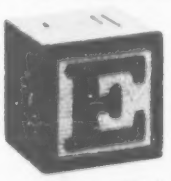
Design.

The cornerstone of a successful plan. IDS Trust works with you to analyze your 401(k) needs and to design a plan to fit those needs. We help you build in flexibility to allow for expansion and growth. So that your plan will be able to grow and change with your company.

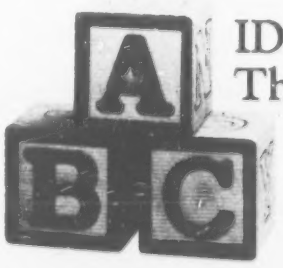


Experience.

IDS Trust has designed and administered 401(k) plans since their inception. We have the experience and expertise to implement and manage 401(k) plans from A to Z, no matter how complex, how sophisticated. And we provide *quality* service for those plans—just ask our clients.

IDS Trust will work with you to build a 401(k) plan—designed to your specific needs *and* structured for success. When IDS Trust builds a 401(k), we make it easy for you. As easy as ABC.

To start building your successful 401(k) plan, contact Peter Miller, Assistant Vice President, IDS Trust Company, IDS Tower, Minneapolis, MN 55402. 612/372-2700.



IDS Trust Company
The 401(k) Builder

IDS AMERICAN EXPRESS

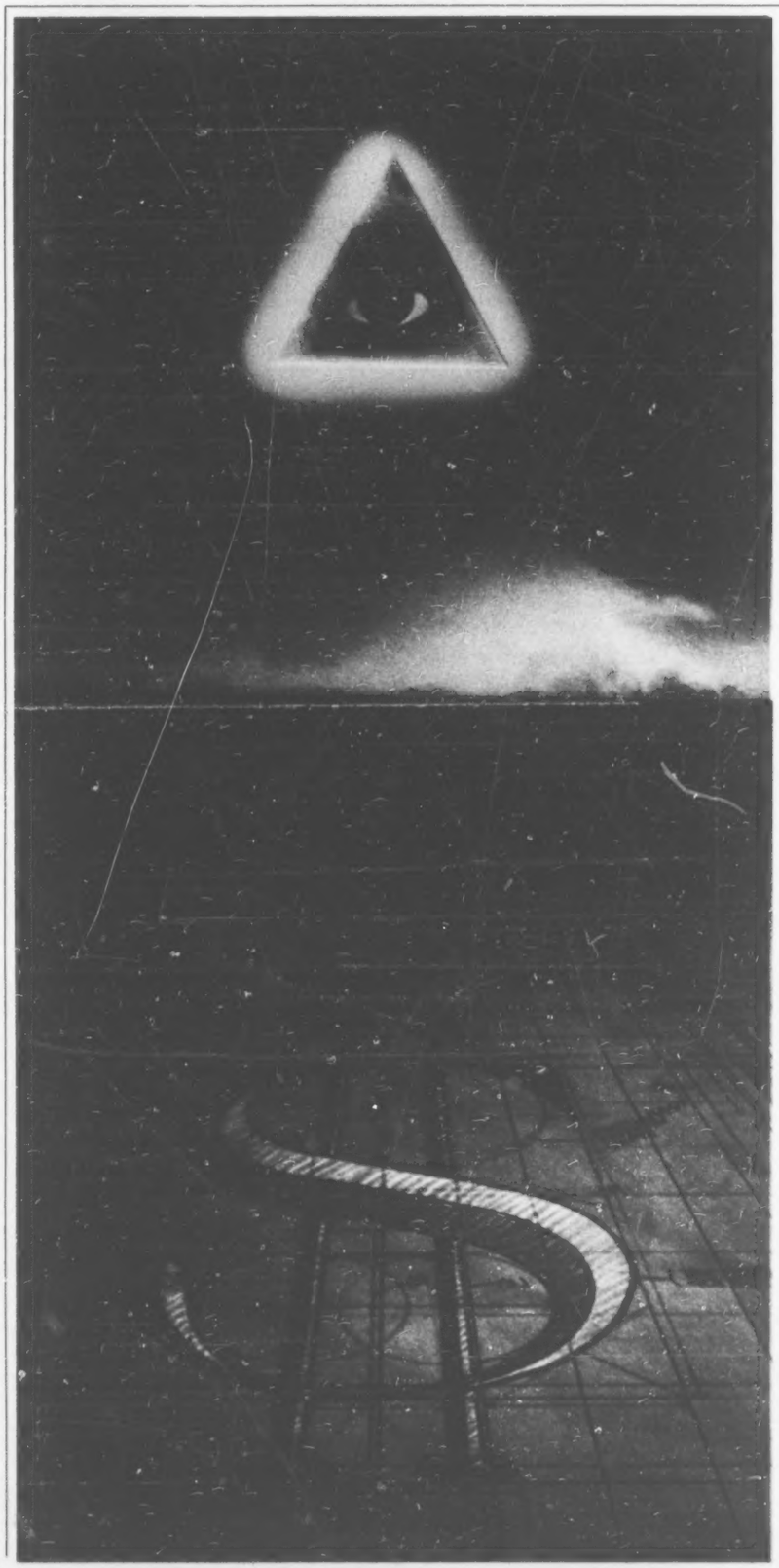
County Bank of St. Louis	2.0
American Natl., Austin	1.9
Security Trust, Rochester	1.8
First of Elgin, Ill.	1.5
Wilmington Trust, Del.	1.3
Heritage Trust, Wis.	1.3
First Bank Milwaukee	1.2
Fidelity Bank, Pa.	1.1
First Citizens, N.C.	1.0
Pioneer Bank, Ill.	1.0
AmSouth, Ala.	1.0
Hamilton Bank, Pa.	0.9
First of Bartlesville, Okla.	0.9
Ouachita Natl., La.	0.8
AmeriTrust, Ohio	0.8
First of Warsaw, Ind.	0.7
First of Pa., Erie	0.7
Mercantile Safe, Md.	0.6
Northern Central, Pa.	0.6
Old National, Wash.	0.6
Irwin Union Bank, Ind.	0.6
HT Investors, R.I.	0.5
Long Island Trust, N.Y.	0.5
First of Neenah, Wis.	0.5
Mercantile Safe, Md.	0.4
Florida National Bank	0.4
Puget Sound Natl., Wash.	0.4
Philadelphia National	0.3
Mid-State Bancorp, Pa.	0.1
Citizens & Southern, Ga.	0.1
Lake Shore Natl., Ill.	0.1
Prudential, N.J.	0.1
First Kentucky Trust	0.1
Northern Trust, Ill.	0.0
Comerica Bank, Mich.	0.0
Old Second National, Ill.	0.0
Equitable Bank, Md.	0.0
Summit & Elizabeth, N.J.	0.0
Home Life, N.Y.	0.0
American Bank, Tenn.	−0.1
Old Kent, Mich.	−0.1
Fourth Natl., Tulsa	−0.1
Mich. Natl. of Grand Rapids	−0.1
First of Neenah, Wis.	−0.1
United Missouri, K.C.	−0.1
Marine Bank, Pa.	−0.1
General American, Mo.	−0.2
First City Dallas	−0.2
Society National, Ohio	−0.2
First of Cincinnati, Ohio	−0.2
First of Shreveport, La.	−0.3
Interfirst Invt. Mgmt., Texas	−0.3
Central Bank Denver	−0.3
First Tennessee, Chat.	−0.4
First of Mobile, Ala.	−0.4
Cigna Corp., Conn.	−0.4
Bank of Oklahoma	−0.4
Unibanctrust, Ill.	−0.4
Fidelity Natl., La.	−0.4
Jefferson Trust, Ill.	−0.4
First Natl. of Commerce, La.	−0.4
Olympic Bank, Wash.	−0.4
Shearson LBKL Index	**−1.7**

1-year returns

	%
Citizens Trust Co. Wis.	12.1
First Natl., Jackson, Miss.	12.1
Hawaiian Trust	9.5
County Bank of St. Louis	8.9
First City Dallas	8.4
First of Elgin, Ill.	8.2
Ouachita Natl., La.	8.2
First Citizens, N.C.	8.1
Pioneer Bank, Ill.	7.6
AmSouth, Ala.	7.6
AmeriTrust, Ohio	7.4
Heritage Trust, Wis.	7.1
First of Pa., Erie	6.9
United Carolina Bank, N.C.	6.9
First of Bartlesville, Okla.	6.8
First of Neenah, Wis.	6.8
Mercantile Safe, Md.	6.7
Lake Shore Natl., Ill.	6.6
First Bank Milwaukee	6.6
Prudential, N.J.	6.6
Hamilton Bank, Pa.	6.5
Summit & Elizabeth, N.J.	6.5
Northern Trust, Ill.	6.4
California First Bank	6.3
Mutual of New York	6.1
Mid-State Bancorp, Pa.	6.0
Fidelity Bank, Pa.	5.9
Puget Sound Natl., Wash.	5.9
Old Second Natl., Ill.	5.6
American Bank, Tenn.	5.6
United Missouri, K.C.	5.4
Philadelphia Natl., Pa.	5.4
Old Kent, Mich.	5.3
Unibanctrust, Ill.	5.3
Comerica Bank, Mich.	5.3
Mich. Natl. of Grand Rapids	5.2
Irwin Union Bank, Ind.	5.2
American Fletcher, Ind.	5.1
Interfirst Invt. Mgmt., Texas	5.1
First Pennsylvania Bank	5.0
First of Cincinnati	5.0
First of Neenah, Wis.	5.0
Fourth Natl., Tulsa, Okla.	5.0
Olympic Bank, Wash.	5.0
Jefferson Trust, Ill.	4.9
Bank of Oklahoma	4.8
State Street Bank, Mass.	4.8
Security Trust, Rochester	4.8
First Union Bank, N.C.	4.7
First of Mobile, Ala.	4.7
Mellon Bank, Pa.	4.6
Texas Commerce	4.6
First of Warsaw, Ind.	4.5
Mercantile Safe, Md.	4.5
General American, Mo.	4.4
Toledo Trust, Ohio	4.4
Long Island Trust, N.Y.	4.4
First of South Dakota	4.3
Marine Bank, Pa.	4.3
Marquette Natl., Minn.	4.3
Florida Natl. Bank	4.3
Shearson LBKL Index	**1.8**

3-year returns

	%
First Kentucky Trust	17.4
Mutual of New York	17.2
Sovran Bank, Va.	17.0
Life of Virginia	16.8
Pioneer Bank, Ill.	16.3
Pacific Mutual, Calif.	16.2
CIGNA Corp., Conn.	16.0
First Wis. Natl., Madison	16.0
Hamilton Bank, Pa.	15.9
First Bank Milwaukee	15.7
Trust Svcs. of Amer., Calif.	15.6
Society Natl., Ohio	15.5
State Street Bank, Mass.	15.4
First of Neenah, Wis.	15.4
Toledo Trust, Ohio	15.4
California First Bank	15.3
Wheeling Dollar Bank, W. Va.	15.2
Ohio Citizens Trust	15.2
Philadelphia Natl., Pa.	15.2
American Security, D.C.	15.2
John Hancock, Mass.	15.2
Citibank, N.Y.	15.1
Beverly Bank, Ill.	15.1
Marine Midland, N.Y.	15.1
American Bank, Tenn.	15.1
Bank of Oklahoma	15.1
Union Planters, Tenn.	15.0
First Natl. State, N.J.	15.0
Commonwealth Natl., Pa.	15.0
Lincoln Natl., Ind.	15.0
Riggs of Washington	15.0
First of Warsaw, Ind.	15.0
Bankers Trust, N.Y.	14.9
Fidelity Bank, Pa.	14.9
Morgan Guaranty, N.Y.	14.8
Mutual of New York	14.8
Mercantile Trust, Md.	14.8
Heritage Trust, Wis.	14.8
Citytrust, Conn.	14.7
Genesee Merchants, Mich.	14.7
First of Maryland	14.7
Lloyds Bank, Calif.	14.7
Cullen Bank, Texas	14.7
Peoples Trust, Ind.	14.7
Liberty Natl., Ky.	14.7
First Interstate of Calif.	14.6
Crocker Natl., Calif.	14.6
Central Fid., Lynchburg, Va.	14.6
Unibanctrust, Ill.	14.6
Central Pa., Pa.	14.5
Lake Shore Natl., Ill.	14.5
Allied Bank, Texas	14.5
First Variable Life, Ark.	14.4
IAA Trust Co., Ill.	14.4
Key Trust Co., N.Y.	14.4



How to design a more efficient flexible compensation plan.

Draw on Peat Marwick's unequalled tax experience and our computer systems and human resources expertise.

The future of compensation is to be flexible. The benefits to employees are obvious. Recently, however, questions have arisen about the tax implications of some programs.

The question is this: Can a flexible compensation plan be developed that complies with the tax code, and at the same time helps management control rising costs?

The answer is yes. And Peat Marwick is uniquely qualified to do it. Drawing on a tax services department with unsurpassed experience, we are also at the forefront of computer systems development and human resources consulting. It is with the synergistic combination of these skills that we work with you to create an efficient flexible compensation program specifically designed to integrate with your overall business strategy.

Flexible compensation is only one of the services offered by Peat Marwick's Human Resources Consultants. Others include executive compensation, employee benefits and personnel services.

Peat Marwick has just completed an in-depth analysis of flexible compensation planning in 550 companies. For a free copy of the executive summary of this study, send in the coupon below, or call **800-344-3600** (in Illinois 800-328-4200).

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Name
Title
Company
Address
City
State Zip

PEAT MARWICK

Accounting and Auditing/
Tax Services/Management Consulting/
Private Business Advisory Services

PIPER

Central Natl., Cleveland	14.3
First Natl., Jackson, Miss.	14.3
Northern Trust, Ill.	14.3
Fidelity Natl., La.	14.3
Wachovia Bank, N.C.	14.2
Gary Wheaton Bank, Ill.	14.2
Liberty Natl., Okla.	14.2
Girard Bank, Pa.	14.2
Shearson LBKL Index	**14.2**

5-year returns

	%
Northern Trust, Ill.	12.3
Sovran Bank, Va.	12.0
AmeriTrust, Ohio	12.0
Fidelity Bank, Pa.	11.4
Jefferson Trust, Ill.	11.3
Fourth Natl., Wichita, Kan.	11.3
Interfirst Invt. Mgmt., Texas	11.3
Texas Commerce	11.2
Riggs of Washington	10.8
Mercantile Safe, Md.	10.8
First of Pa., Erie	10.7
Beverly Bank, Ill.	10.7
Cullen Bank, Texas	10.6
Seattle First Natl.	10.5
First Natl., Jackson, Miss.	10.5
Pacific Mutual, Calif.	10.3
County Bank of St. Louis	10.3
Fidelity Union, N.J.	10.2
American Bank, Tenn.	10.2
Mid-State Bancorp, Pa.	10.2
First Bank Milwaukee	10.2
Mercantile Trust, Mo.	10.2
First Kentucky Trust	10.1
First of Neenah, Wis.	10.1
First Jersey Natl., N.J.	10.1
Bankers Trust, N.Y.	10.1
First of Neenah, Wis.	10.0
Manufacturers Hanover, N.Y.	10.0
First of Elgin, Ill.	10.0
Hamilton Bank, Pa.	9.9
Puget Sound Natl., Wash.	9.8
Northern Central, Pa.	9.7
Allied Bank, Texas	9.7
First Variable Life, Ark.	9.7
First Interstate of Calif.	9.7
First of Warsaw, Ind.	9.7
Summit & Elizabeth, N.J.	9.7
American Security, D.C.	9.6
Ouachita Natl., La.	9.6
First of Neenah, Wis.	9.6
Toledo Trust, Ohio	9.6
Bank of New England	9.6
Marine Trust, Wis.	9.6
First Natl. of Commerce, La.	9.5
Morgan Guaranty, N.Y.	9.5
Oregon Bank	9.5
Pittsburgh Natl., Pa.	9.5
American Natl., Austin, Texas	9.4
Gary Wheaton Bank, Ill.	9.4
First of Bartlesville, Okla.	9.4
Boatmen's Natl., Mo.	9.3
First Wis. Natl., Madison	9.3
First of Maryland	9.3
Central Fid., Lynchburg, Va.	9.3
Continental Natl. Bank, Texas	9.3
Landmark Union Trust, Fla.	9.3
American Natl., Chicago	9.3
Penn Bank, Pa.	9.3
Shearson LBKL Index	**8.2**

10-year returns

	%
Pacific Mutual, Calif.	11.3
Fourth Natl., Wichita, Kan.	10.8
Sovran Bank, Va.	10.6
Fidelity Bank, Pa.	10.5
Jefferson Trust, Ill.	10.4
Texas Commerce	10.1
Fidelity Union, N.J.	10.1
American Security, D.C.	10.0
First Jersey Natl., N.J.	9.8
Mercantile Trust, Mo.	9.8
Seattle First Natl., Wash.	9.7
Beverly Bank, Ill.	9.7
AmeriTrust, Ohio	9.7
California First Bank	9.6
First Interstate of Calif.	9.6
Manufacturers Hanover, N.Y.	9.6
First of Neenah, Wis.	9.3
First of Pa., Erie	9.3
First of Bartlesville, Okla.	9.3
Penn Bank, Pa.	9.3
Riggs of Washington	9.2
First Kentucky Trust	9.2
Cullen Bank, Texas	9.2
First of Warsaw, Ind.	9.2
CIGNA Corp., Conn.	9.2
Central Fid. Lynchburg, Va.	9.1
First Wis. Natl., Madison	9.1
American Bank, Tenn.	9.1
Commerce Union, Tenn.	9.1
Security Trust, Rochester	9.1
Bankers Trust, N.Y.	9.0
John Hancock, Mass.	9.0
Puget Sound Natl., Wash.	9.0
American Natl., Chicago	9.0
Lloyds Bank, Calif.	9.0
Mercantile Safe, Md.	9.0
United Missouri, K.C.	8.9
Ohio Citizens Trust	8.9
Oregon Bank	8.8
First Natl. State, N.J.	8.8
Toledo Trust, Ohio	8.8
US Trust, N.Y.	8.8
Manufacturers Detroit	8.8
Shearson LBKL Index	**8.5**

Real estate adviser profiles will run in the Sept. 3 issue.

PIPER equity fund results . . .

Continued from page 15

Mr. McKerchar had moved the portfolio to a cash position of about 50% by January, and held it there until May. Since then he has been in the buying mode and by July the portfolio had cash reserves of just 11%.

Given the market performance of the past few weeks, it is likely to stay there, Mr. McKerchar said.

Following the Canadian insurer were First Union Bank, at 22.1%, and AmSouth Bank of Birmingham, Ala., and First Variable Life Insurance Co., Little Rock, Ark., each with 20.4%.

The median fund for the three years returned 10% while the S&P 500 was at 10.8%.

Manufacturer's Life was on top again for the five-year period, with a compound annual return of 33.8%.

First Union again was second, with a 23.5% return, followed by Employer's Life Insurance Co. of Wausau, Wis., with 21.2%.

The median fund for five years was up 13.6%, compounded annually, while the S&P 500 finished at 14%.

The 10-year period ended June 30 found Manufacturer's Life leading again, with a 25.1% compound annual time-weighted return on investment.

This time, Manufacturer's Life was followed by Philadelphia Life Insurance Co. with 19.7% and Guardian Insurance Co., New York, with 19.4%. ■

MidCon tells how it plans to profit in the uncertain gas markets of the Eighties.

HOW TO SUCCEED, COME HELL OR HIGH WATER.

"There will be a shortage of natural gas."
"We're going to have a glut."
"Congress will totally deregulate gas."
"Congress will go the other way."

Who's right? And how will it all turn out? To be perfectly frank, we aren't really sure. And we're wary of those who say they are.

That's precisely the reason we've structured our company to be ready for anything. In a word, we're *flexible*. And through that flexibility, we intend to profit handsomely from changes that may stand the rest of the gas industry on its head.

As a matter of fact, we've already started. Our nine-month earnings of $129 million set a new record.

FLEXIBLE 6 WAYS

We've worked on flexibility hard enough to develop it in six different ways:

1. *Supply.* Our 15,000-mile natural gas pipeline network stretches from the Rockies in the West to Louisiana and the Gulf in the East. From Chicago in the North to Texas in the South. So we can shop for gas nearly everywhere gas is found—and *buy* wherever it's cheapest.

2. *Marketing.* Our low-cost supply enables us to *sell* gas at highly competitive rates—and still earn a reasonable margin. Which works as a potent weapon in the escalating battle for share of market.

3. *Cash flow and growth.* We have large markets in the North that yield a strong, steady cash

PIPER bond . . .

Continued from page 15
the tougher market in the quarter ended June 30. The median PIPER fund logged a decline of 1.6% for the quarter, while the Shearson-Lehman index did slightly worse, declining 1.7%.

Hawaiian Trust's defensive bond fund and Citizens Trust of Sheboygan shared the lead for the quarter at 2.8% time-weighted total returns.

The $6.5 million Hawaiian Trust fund was invested basically in instruments with one- to three-year maturities, said William Barton, senior vice president and chief investment officer.

"It's really designed not to fluctuate much in market value," he explained. "The GICs we're buying have interest rates of 11.25% to 14.05%, which locks in a good yield with stability of market value."

The portfolio is composed of a "fair amount" of GICs, which have had staggered maturities for the past several years, as well as Treasuries and short corporates.

Other high-performing funds for 1984's second quarter were First Pennsylvania Bank Trust & Investment Group, Philadelphia, with a 2.5% time-weighted total return; First National Bank of Jackson, 2.3%; and County Bank of St. Louis' Bond Fund, 2%.

First Kentucky Trust Co., Louisville, led the pack for the three-year period ended June 30 with a compound annual return of 17.4%.

This compares with the Shearson-Lehman index's 14.2% time-weighted compound annual return and the PIPER median fund's 13.3%.

Mutual of New York's Private Placement Fund was second for the period with 17.2% and Sovran Bank, Richmond, Va., was third with 17%.

For the five years ended June 30, the Shearson-Lehman index had a 8.2% time-weighted total return and the PIPER median fund came in a tad lower at 8.1%.

Northern Trust Co., Chicago, scored the highest return, 12.3%, for that time period. Sovran Bank and AmeriTrust Co. shared second place with 12%.

The long distance champ was Pacific Mutual Life Insurance, Newport Beach, Calif. Its bond fund scored an 11.3% time-weighted compound annual total return for the 10 years ended June 30.

The Shearson-Lehman index for the period was 8.5%, while the PIPER median fund had a time-weighted total return of 8.3%.

The $10 million Pacific Mutual fund is managed at Pacific Investment Management Co., Pacific Mutual's investment management arm, said William H. Gross, managing director at PIMCO.

He attributes the fund's long-term success to PIMCO's interest rate forecasts and sector analysis being on target in directing major moves in the bond market.

"Probably the reason we were right is that we took a longer look at the marketplace," he said. The firm's secular forecasting method served it well in two specific periods, Mr. Gross pointed out.

"In the 1977-'78 period, we saw real interest rates increasing over the next five to six years. And, we saw major structural changes in the financial marketplace," he said.

"Because of that we were very short-term in nature for maturities through the late '70s and into 1980 and 1981. That was significant in terms of performance.

"That same secular outlook in 1981, suggested a peaking of interest rates and an extension of maturities. And, we shifted the portfolio into a more positive, longer-term mode."

Right now, the portfolio is weighted 40% in long-term Treasuries with average maturities of 30 years, he said. Another 10% is invested in mortgage pass-throughs with average maturities of 12 years. Cash accounts for roughly 15% of the portfolio and the balance is in intermediate corporate bonds, primarily high-coupon utility bonds.

The Wichita, Kan.-based Fourth National Bank & Trust's Employee Benefit Fixed Income Fund was second for the 10-year period with a 10.8% return. Sovran Bank and Fidelity Bank, Philadelphia, placed third and fourth for the period with 10.6% and 10.5%, respectively. Fifth on the long distance list was Jefferson Trust & Savings Bank, Peoria, Ill., with 10.4%. ■

TUCS funds top market

LOS ANGELES — More than half of the equity portfolios in the Trust Universe Comparison Service outperformed the market in the second quarter.

However, the TUCS median equity fund had a negative return for the period, declining 2.2%, compared with a decline of 2.6% for the benchmark, the Standard & Poor's 500 stock index.

For the six months ended June 30, the median fund also underperformed the index, declining 7% while the S&P 500 dropped 4.9%.

TUCS' median equity fund again underperformed the market for the year ended June 30, dropping 8.6% compared with the S&P's decline of 4.8%.

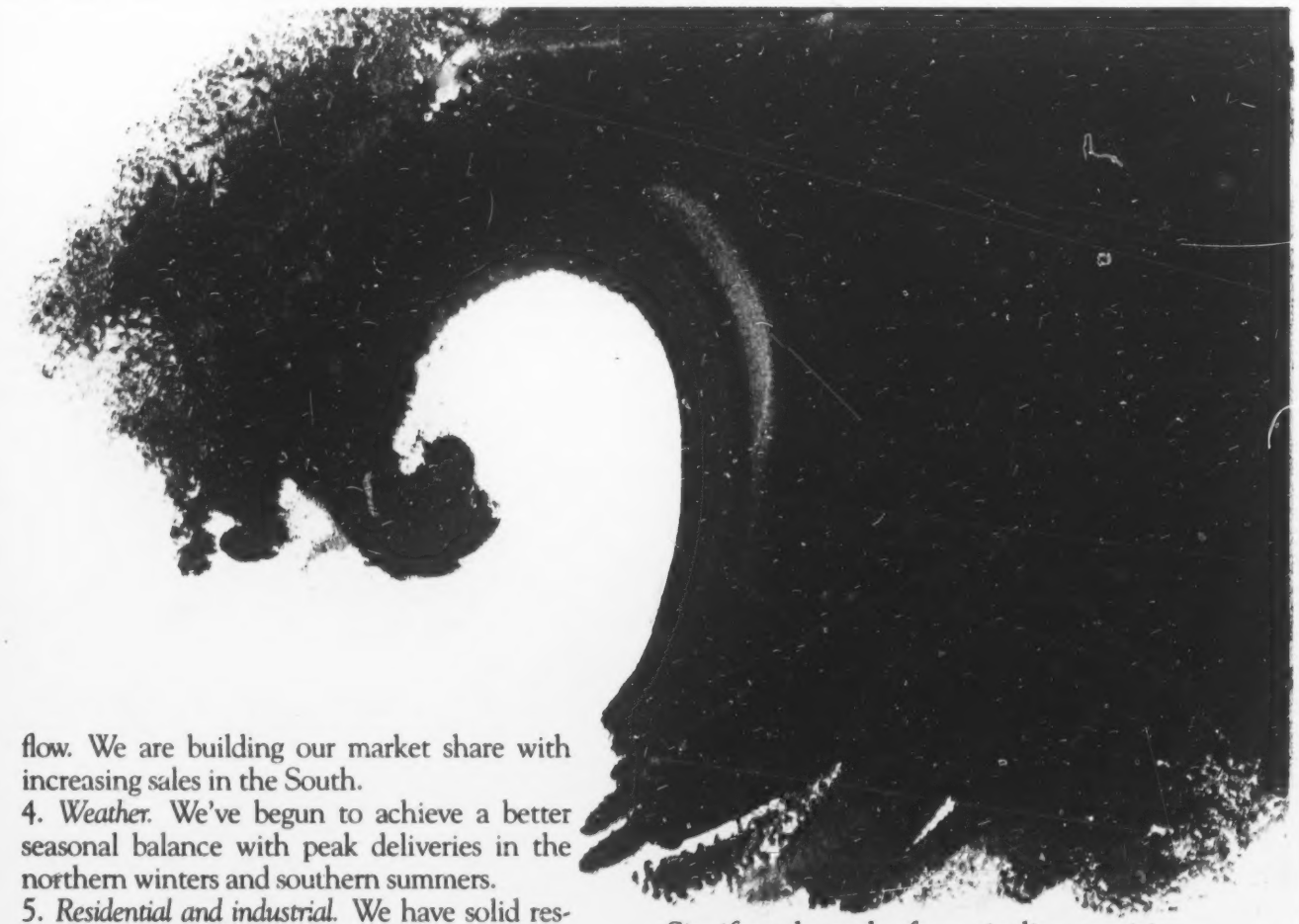
The median fixed-income portfolio in TUCS was down 1.8%, slightly underperforming the Shearson-Lehman Government/Corporate bond index, down 1.7%.

For the six-month period, the median fixed-income fund was down 1.5% compared with a decline of 1.2% for the Shearson-Lehman index.

For the one-year period, the median fund was up 1.6% compared with the Shearson-Lehman index's increase of 1.8%.

The TUCS universe is a data base of more than 3,300 investment portfolios, representing approximately 300 money management firms with more than $200 billion in assets.

The figures are derived from the master trust accounts of 35 banks and a number of insurance companies. ■



flow. We are building our market share with increasing sales in the South.

4. *Weather.* We've begun to achieve a better seasonal balance with peak deliveries in the northern winters and southern summers.

5. *Residential and industrial.* We have solid residential markets in the North and active industrial markets in the South.

6. *Regulated vs. deregulated.* With our strategically located pipeline network—and the skill to manage it—we're equipped to do well in any kind of regulatory environment.

ACQUISITIONS THAT WORK

We've already made some important acquisitions. But we are still looking for more good opportunities. Especially pipelines that can grow with lower-cost gas and aggressive marketing.

For example, Mississippi River Transmission Corporation, which we acquired in September, 1983. Its nine-month earnings were twice as high as last year's (with a little help from a hard winter).

Our pipeline acquisitions do several good things: They add new markets. Improve operating margins. Balance seasonal deliveries. And provide economies of scale. All of which help to make us more flexible and raise net income.

Significantly, each of our pipeline acquisitions will beef up our bottom line in 1984. Even after acquisition costs.

BALANCED GROWTH

Looking ahead, we intend to balance our growth in pipelines with increasing emphasis on other kinds of energy-related businesses. At the present time, our diversified group includes companies active in contract drilling, in oil and gas exploration and development, and in other energy-related ventures.

For more information on our plans for the Eighties, contact Kathleen Vuchetich, Manager, Investor Relations, MidCon Corp., 701 E. 22nd Street, P.O. Box 1207, Lombard, IL 60148. Or phone (312) 691-2557.

MIDCON CORP.

Cash Management

WINNERS

Corporate cash management bank rating survey

Overall evaluation:
Mellon
NCNB Nat'l./North Carolina*
Pittsburgh Nat'l.
Wachovia

Accuracy of balance reporting:
Pittsburgh Nat'l.
Mellon
Morgan
FNB Boston
Bankers Trust

Timeliness of balance reporting:
NCNB Nat'l./North Carolina
Mellon
Pittsburgh Nat'l.
Harris

Timeliness of check clearing schedules:
NCNB Nat'l./North Carolina
Harris
FNB Chicago
Nat'l. Detroit
Mellon

Accuracy of processing:
Harris and Pittsburgh Nat'l.
Wachovia
Mellon
Northern
NCNB Nat'l./North Carolina
Citibank

Speed of error correction:
NCNB Nat'l./North Carolina
Mellon
Pittsburgh Nat'l.

Corporate cash management bank rating survey

Data processing technology:
Mellon
Citibank
NCNB Nat'l./North Carolina
Morgan

Electronic data systems compatibility:
Mellon
NCNB Nat'l./North Carolina
Northern

Pricing:
NCNB Nat'l./North Carolina
Pittsburgh Nat'l.
Wachovia

Quality of consulting services:
Mellon and Morgan
NCNB Nat'l./North Carolina

Knowledge of cash mgmt. services:
Wachovia Bank & Trust
Mellon Bank

Courtesy in personal relationships:
FNB Atlanta
Mellon
National Bank of Detroit
Wachovia

*NCNB National Bank of North Carolina

Wachovia, Pittsburgh, NCNB, Mellon

Survey finds 4 favorites

By Richard J. Gillespie

NEW YORK — Pittsburgh National Bank, NCNB National Bank of North Carolina, Mellon Bank and Wachovia Bank & Trust are corporate America's favorite cash management banks, according to the 1984 *Pensions & Investment Age* survey of cash managers.

Cash managers with 180 of the nation's largest corporations cited the four banks as offering outstanding cash management operations. They rated the four highly for both the quality of their personnel and for the excellence of their data processing technology.

Cash managers use these banks for services such as lockboxing, controlled disbursement, cash concentration and cash management consulting.

While Mellon Bank, Pittsburgh, and Wachovia Bank & Trust, Winston-Salem, N.C., had been rated highly in past years, Pittsburgh National and NCNB National Bank of North Carolina are newcomers to the list of favorites. The survey identifies the top institutions as rated by cash managers with corporations that have sales greater than $100 million.

It is worth noting that both newcomers had to struggle against the two longstanding champions in their own localities to achieve this distinction.

Other banks that rated highly in various categories were:

• Harris Trust & Savings Bank, Chicago, cited for both the timeliness and accuracy of its check clearing operations, and also the timeliness of its balance reporting service.

• Morgan Guaranty Trust Co., New York, rated for the quality of its consulting services, the accuracy of its balance reporting services and the high quality of its data processing technology.

• National Bank of Detroit, admired for the courtesy of its staff and the timeliness of its check clearing schedules.

• First National Bank of Atlanta, whose staff is considered highly courteous.

Also rated strongly for individual qualities were First National Bank of Boston, Bankers Trust Co., First National Bank of Chicago, The Northern Trust Co. and Citibank.

While the survey response was skewed in favor of the industrial East and Midwest states, and also in favor of companies in the $250 million to $2 billion sales range, the winning banks consistently rated highly for most of the 12 categories by the respondents.

The pervasive impression that the institutions were consistent high scorers was strengthened through the use of factor analysis, a statistical technique that examines correlations among all possible pairs of a group of items to determine whether several items are each measuring different aspects of a single underlying dimension.

Using this approach across the 12 categories, two "subfactors" were identified.

One, dubbed "qualitative services," linked five characteristics: consulting quality, officer knowledge of cash management services, pricing, courtesy in personal relationships and electronic data systems compatibility.

The second, "data technology services," demonstrated a high intercorrelation in responses for the following items: accuracy of balance reporting, timeliness of balance reporting, timeliness and accuracy of processing, the quality of data processing technology and the speed of error correction.

With the qualitative services factor, Pittsburgh National led followed by Wachovia, Mellon and NCNB National Bank. With the data technology services factor, NCNB National Bank was the leader, followed by Mellon with Pittsburgh National, Harris and Wachovia grouped together just behind.

Harris Trust was not named among the winners because its performance trailed off when measured by the qualitative services subscale.

A collation of the total scores also was produced that represented the sum of all 12 items. This showed NCNB National Bank in the lead followed by Mellon, Pittsburgh National and Wachovia.

Gregory M. Herek, the statistician who collated the results, used a variety of statistical techniques — including factor analysis, the Kolmogorov Smirnov test, and the chi-square test — to pick the top rated banks.

"The differences between these banks were not statistically significant," said Mr. Herek.

"I would say that, rather than picking a winner, the results point toward a group of top banks. These four banks were top scorers, but no one bank was necessarily better than the other.

"The top banks were more

Continued on page 38

How strong is your cash management bank?

Six key ingredients of cash management banks rated by corporate cash managers

Banks	Assets ($ bil.)	Equity/ assets	Primary capital to assets	Profitability	Liquidity	Excess problem loan ratio
Bank of America	109.7	3.83	4.48	0.09	29.97	67.89
Bankers Trust	40.1	4.08	4.73	0.63	51.79	17.70
Chase	79.5	4.60	5.27	0.54	29.89	39.04
Chemical	49.3	3.96	4.65	0.63	42.17	28.10
Citibank	113.5	5.22	5.72	0.63	35.33	28.02
Continental	40.7	4.50	5.41	0.20	29.53	111.79
1st Interstate Calif.	20.9	4.44	5.13	0.65	40.93	72.18
FNB Atlanta	5.5	4.75	5.47	0.88	72.80	11.34
FNB Boston	17.4	4.38	5.03	0.61	44.35	23.90
FNB Chicago	35.5	4.01	4.59	0.43	39.55	45.08
Harris	7.0	5.14	5.88	0.40	62.95	19.89
Interfirst Dallas	11.0	3.01	4.76	−3.54	50.90	131.84
Manufacturers Hanover	58.0	4.31	4.92	0.42	24.23	25.32
Mellon	21.8	4.27	5.04	0.55	50.82	17.43
Morgan	56.2	5.17	5.97	0.78	58.95	7.45
National Detroit	11.6	5.77	6.30	0.65	81.46	4.60
Northern	6.0	5.42	6.01	0.23	69.29	39.59
NCNB North Carolina	9.1	4.80	5.38	0.85	52.02	7.96
Pittsburgh Nat'l.	8.4	5.06	5.72	0.98	70.27	2.06
Republic Dallas	12.6	4.21	4.97	0.19	44.34	44.11
Security Pacific	36.1	4.40	5.10	0.77	27.88	47.14
Wachovia	7.7	6.07	6.78	0.98	60.53	4.77
Wells Fargo	23.9	4.41	5.13	0.68	26.14	78.05

Bank reporting data is 12/31/83.
Source: Compiled by Sheshunoff Inc. of Waterford, Mass.

Continental's market share holds steady despite woes

NEW YORK — Continental Illinois National Bank & Trust Co. of Chicago does not appear to have lost a significant amount of corporate cash management business in the past 12 months, despite its financial travails.

That was just one conclusion drawn from an analysis of bank market share in the cash management industry. There is even a possibility the troubled bank might have increased its share since *Pensions & Investment Age*'s 1983 cash management survey.

Last year, Continental Illinois was named by 22.5% of the respondents as one of their five major cash management banks. That made it the most widely used service provider overall.

In the most recent survey, Continental Illinois received ratings from 45 of 180 respondents — 25% of the total sample.

It could be speculated that since the bank's problems came to a head in May, cash managers did not have time to act before filing their questionnaires in June and July.

But it should be noted Continental did not get bad ratings from its users. Most of its scores on each of the 12 characteristics used in the survey came out at about the mean. The bank's scores were close to the average, although it slipped somewhat in the 'speed of error correction' category.

According to the 1984 returns, cash managers with Continental Illinois use it for 30.6% of their total business in any one of four categories: lockboxing, disbursement, concentration and consulting. The mean service usage among all 23 banks rated in 1984 was 34%.

Continental Illinois had a market-share pattern typical of other Chicago banks. Those companies that used First National Bank of Chicago, for example, gave it 33.7% of their business in each service category, while Harris Trust & Savings Bank received 34.5%.

More than 90% of respondents using Continental used it for lockboxing, while only 21% used it for disbursement, 38% for cash concentration and 26.2% for consulting.

By comparison, 88% used FNB Chicago for lockboxing, 14.6% for disbursement, 34% for concentration and 44% for consulting.

The conclusion that few corporations with more than $100 million in annual sales dropped Continental in the 12 months was backed up by interviews conducted in July. Among seven interviewees, only one had dropped the bank.

Elsewhere, it was found respondents using Bankers Trust Co., Manufacturers Hanover, The Northern Trust Co. and Wachovia Bank & Trust Co. used them for more than 40% of their business in each of the four categories.

Northern Trust, like other Chicago banks, seems to be primarily a lockbox bank. This conclusion is drawn from the finding that 90% of respondents named it for lockboxing, while only 14% used it for disbursement, 24% for cash concentration and 24% for consulting.

Wachovia, of Winston-Salem, N.C., on the other hand, proves to be something of an "all-arounder," but with an emphasis on disbursement. Among its 23 respondents, 40% used it for lockboxing, 17.4% used it for cash concentration, 35% used it for consulting and 79% used it for disbursement.

Not surprisingly, the big New York banks are used not so much for lockboxing as for cash concentration, disbursement and some consulting.

Finally, a greater number of respondents used Bank of America than Citibank, 44 to 36, but in both cases respondents used them for about the same proportion of business in each category (33% for Bank of America, 35% for Citibank).

Bank of America has a big lockbox profile (61.4% of its respondents), while Citibank's is small (11.1% of its respondents). Both bank's do considerable disbursement business (41% for Bank of America and 67% for Citibank).

Bank of America seems to be more widely used for concentration services (38.6% of its respondents compared with 28% for Citibank), while both are used about equally for consulting (32% for Bank of America, 28% for Citibank). ■

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Thorndike, Doran, Paine & Lewis

Survey finds 4 cash management . . .

Continued from page 35

closely associated with each other than they were with the next group of banks on the list."

He noted this approach entailed some "subjective judgment."

The response rate from the 1,038 cash managers who received questionnaires was 17%, a result that called for considerable analysis to determine how representative the respondents were in comparison with the total universe.

Mr. Herek said there was an overrepresentation of firms in the $250 million to $2 billion sales range, and of corporations in the industrialized East and Midwest.

There was an underrepresentation of responses from cash managers with corporations having between $100 million and $250 million in sales.

In the sample, there was no meaningful relationship between company sales size and the ratings assigned to banks, he said. In other words, both small and large corporations showed roughly the same response in rating their banks.

However, while this was found to be the case in the sample, it would not hold true necessarily for the universe of 2,210 corporations. Geographically, the sample underrepresented the less industrialized states.

Local loyalties don't appear to have colored the survey's result, Mr. Herek said.

"Each of the top four banks were evaluated by corporate cash managers from at least four of the 10 major geographic areas," he said.

He noted Mellon Bank and Wachovia Bank & Trust had recorded a high reponse and he found this to be well distributed among the 10 ZIP code regions.

NCNB National Bank had been rated only by 10 cash managers, but they were scattered throughout five ZIP code regions, he said. Similarly, Pittsburgh National Bank was evaluated by 10 corporate cash managers located in four regions.

By contrast, Wachovia's 24 respondents hailed from seven regions, while Mellon Bank was rated by 48 cash managers in nine of the 10 ZIP code regions.

The geographic dispersion might have been wider because, in each case, a small number of respondents did not list their ZIP codes.

"They are pretty well distributed," commented Mr. Herek. "There was a preponderance of respondents in New York and Pennsylvania, but otherwise they were distributed fairly well."

While the possibility cannot be discounted that biases crept into the result through low response in some states, it must be pointed out these states also were poorly represented among the 39 banks listed on the questionnaire. In other words, recipients simply might have discarded questionnaires because their most important local banks weren't included.

At the same time, respondents were asked to name banks they used that were not listed on the questionnaire. An examination of the response showed there also was a poor representation of cash management banks among those very same states.

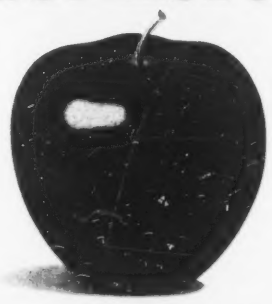
These regions were: ZIP code Region 3 — Florida, Alabama, Mississippi and Tennesee; Region 8 — Colorado, Wyoming, Idaho, Utah, Arizona, New Mexico and Nevada; and Region 5 — Iowa, Wisconsin, Minnesota, Montana, North Dakota and South Dakota.

There might have been other underrepresented states, because the analysis focuses on regions and not individual states.

Another notable aspect of the survey was that the responses tended to gather at one end of a seven-point scale, rather than being dispersed throughout the possible responses.

"Most banks received average ratings between one and three for each of the 12 items," Mr. Herek said. He added this meant either "respondents don't use banks that they consider below average," at least for cash management, or "they are reluctant to rate their banks low on the criteria." ■

Get more...



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Data show 'sickest' . . .

Continued from page 36

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• **Equity to assets (the leverage ratio).**

Cited by the chairman of the FDIC, William Isaac, some years back as the most important measure of a bank's financial strength, it now has been surpassed by the emergence of problem loan data. Previously, the leverage ratio provided the highest correlation with bank closings, according to Mr. Heller. It is compiled by dividing equity into assets and expressing the result as a percentage. Theoretically, the higher, the better.

• **The primary capital ratio.**

The same as equity to assets, but using primary capital rather than equity. Primary capital is defined here as equity plus loan-loss reserves, and where applicable, plus mandatorily convertible debt.

• **Profitability.**

Calculated here as annualized income for a quarter, divided by assets. Where institutions are losing money, it is important to know how long the losses can continue at the current rate, Mr. Heller said.

On the average, banks can turn in tremendous returns on equity, he said. It is not unusual for banks to turn in 20% return on assets. Here, the banks seem to be considerably less profitable.

• **Excess problem loan ratio.**

A key ratio that lists problem loans in excess of the bank's loan-loss reserves as a percentage of equity. A ratio of more than 100% shows the possibility that a bank's equity could be wiped out. A ratio of zero, as exhibited by First Interstate Bank of Arizona, shows the loan-loss reserve is greater than problem loans, or that there are no problem loans.

• **Liquid assets divided by total deposits.**

Deposits are defined as the total of insured holdings, including balances and certificates of deposit, but excluding repurchase agreements and letters of credit. Liquid assets are those that can be turned into cash within a few days.

After much experimentation, this was the liquidity measure the firm found to be most meaningful, he said. The ultimate measure of liquidity is duration. This expresses the rate at which liabilities or assets mature. Ideally, assets mature as fast, or faster than liabilities. ■

International equity markets*

Countries	Total returns (local)	Total returns U.S. $
USA	-5.0%	-5.0%
Japan	9.4	6.9
UK	6.0	-0.9
Canada	-10.7	-15.8
Germany	-1.3	-4.0
Australia	14.5	-18.0
Hong Kong	7.6	6.9
Switzerland	-3.2	-9.5
France	12.4	9.5
Singapore	-16.2	-16.7
Italy	12.4	8.8
Netherlands	8.7	6.2
Sweden	-1.4	-3.6
Spain	34.6	33.9
Belgium	10.6	7.3
Denmark	-18.9	-21.4
Norway	9.2	5.4
Austria	-2.6	-4.0

* Total return 12/31/83 — 6/29/84
Source: Philips & Drew International Ltd.

Returns better overseas

NEW YORK — Investors were better off in overseas markets than in U.S. equities during the past six months, despite the sagging performance of the Europe, Australia and Far East index, according to Richard Watkins, director of the New York office of Phillips & Drew International Ltd.

Figures compiled by his firm showed that 12 out of 17 markets outperformed the U.S. stock market, Mr. Watkins said.

"If you had invested in 12 non-U.S. markets, you'd have outperformed the U.S. market," Mr. Watkins added.

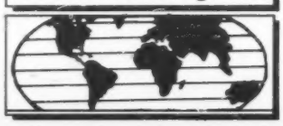
"If you invested in the U.S. stock market, you'd have lost 5%. While investment in Spanish stock would have gained you 33.9%."

In U.S.-dollar terms, the largest gains were realized from investment in the French equity market, which gained 9.5%; the Italian market, which advanced 8.8%; the Belgian market, up 7.3%; and the Hong Kong and Japanese markets, up 6.9% each.

Also, there were places where one could have done much worse than investing in U.S. equities.

The Danish stock market lost 21.4%, in U.S.-dollar terms; the Australian market was down 18%; the Singapore market slipped 16.7%; and the Canadian market fell 15.8% in U.S.-dollar terms.

International update



Foreign interest up

NEW YORK — Higher U.S. interest rates drew foreign investors into the U.S.-corporate and government bond markets during the first quarter, according to the Securities Industry Association's Foreign Activity Report.

Foreign net purchases of U.S.-corporate bonds increased during the quarter to $481 million from $330 million the previous quarter. That's an increase of 46%, according to the SIA.

U.S.-corporate bond yields rose 62 basis points by March 31, to 13.25%, according to the SIA report.

For the same period, Europeans made net purchases of $276 million of U.S. corporates, a 51% increase from the prior quarter's net purchases of $183 million. U.K. investors made large net purchases, a big portion of that increase. U.K.-corporate yields dropped off by more than 60 basis points during the first quarter.

German investors were more bearish on U.S.-corporate bonds, despite a downturn in their bond market.

They made net purchases of $20 million in the first quarter, down from $116 million in the fourth quarter of 1983.

Equally bearish, the Swiss were net sellers of $26 million of U.S. corporates, compared with net purchases of $101 million in the previous quarter.

The Japanese put $153 million into U.S. corporates during the first quarter.

The oil-exporting countries continued to clear their shelves of U.S. corporates: Net sales were $18 million in the first quarter.

Overseas investors made net purchases of $802 million of U.S. Treasuries for the quarter.

That brings total holdings to $91.9 billion, according to the SIA report.

U.S.-government bond yields increased to 12.49% by the end of March, from 11% at the end of 1983.

Global network set

BOSTON — State Street Bank and Trust Co. has constructed a global custody network with online communication capacity to service international investment by U.S. pension funds, said William E. Gundy, vice president.

The idea of doing global custody began for the bank in early 1981, when the Department of Labor lifted a prohibition against custody of assets in foreign banks. Prior to that, U.S. pension plans were required to have assets in banks under the jurisdiction of U.S. District Courts.

Since then, a network of subcustodians in 14 countries has been established.

Germany's BHF Bank, Japan's Sumitomo Trust and Banking Co. Ltd., France's Societe Sequanaise de Banque, and Banco Mexicano Somex of Mexico are some of the banks in the network.

State Street holds $1.1 billion in global accounts up from $240 million at year-end 1981.

The bank now has 40 global custody clients, compared with three in late 1981.

Roughly half of those are U.S. pension funds, he said.

Assets are from a combination of master trust clients who have moved into international investment, and clients using the bank solely as global custodian, said Mr. Gundy.

Among the bank's global custody clients are the pension funds of Atlantic Richfield Co., Xerox Corp., J.C. Penney Co., and most recently, Philip Morris, he said.

Japanese rally to U.S.

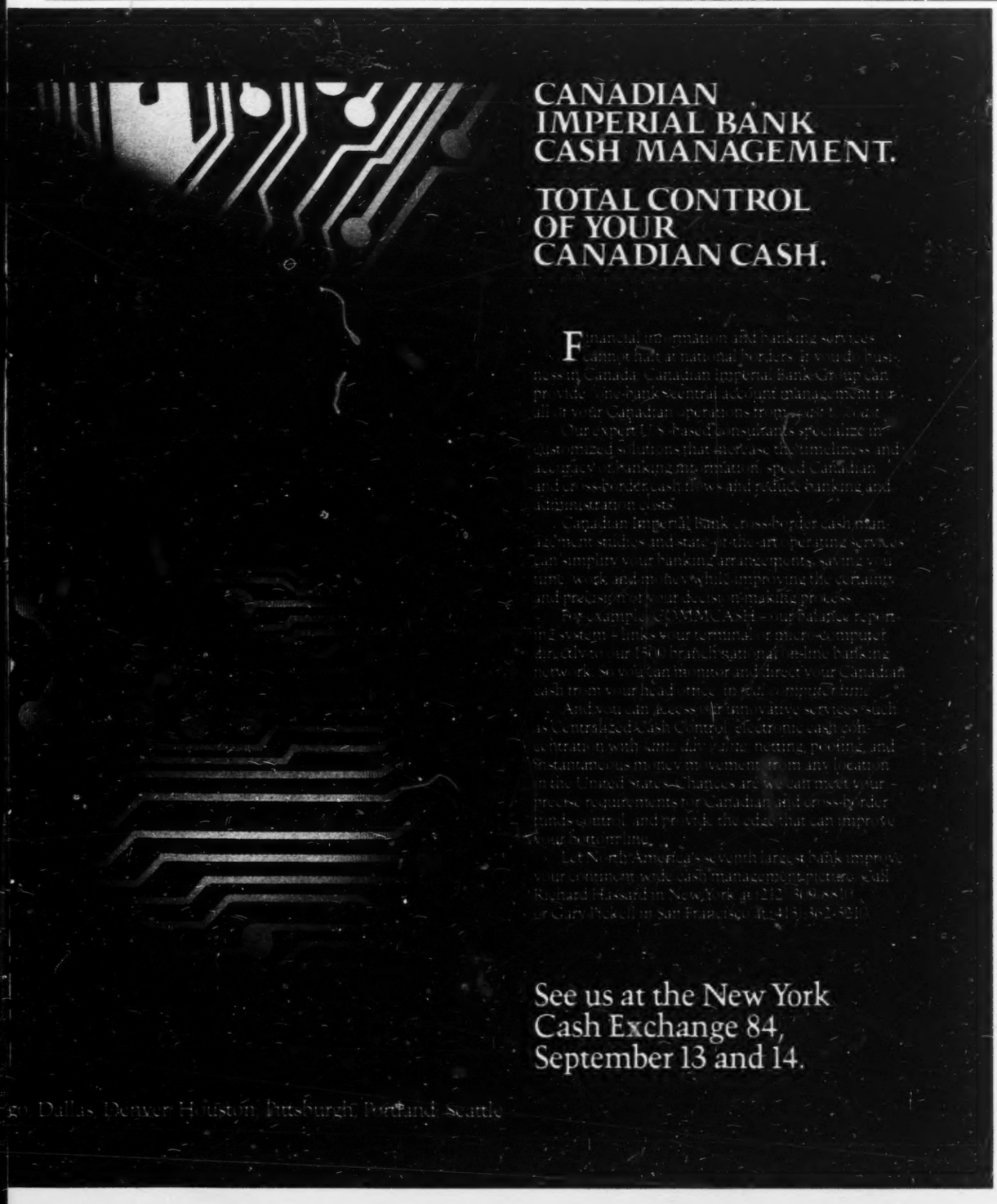
TOKYO — The Japanese have been rallying to buy overseas bonds due to U.S.-dollar appreciation against the yen and rising U.S. interest rates, according to a report by the Japan Economic Journal.

The largest component of this foreign investment is in dollar denominated bonds.

In fact, the outstanding value of U.S. and foreign bonds acquired through securities companies was $20 billion as of June 30.

While the amount of foreign bonds (other than dollar denominated) bought through securities dealers increased 3% in May from April, purchases of U.S.-dollar bonds increased by 10% in the same period, according to the journal's report.

The report cited recent yen depreciation as the cause of the investment's sudden popularity.



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Pensions & Investment Age

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ERISA

10 YEARS LATER

ERISA: Eroding or holding its ground?

By Joel Chernoff

WASHINGTON — In a Rose Garden ceremony on Labor Day 1974, President Ford signed the first comprehensive law regulating private pension plans in the United States: the Employee Retirement Income Security Act.

Ten years later, those involved in the long and arduous process of creating and passing the landmark law agree ERISA is a great success story, although some see signs of erosion. ERISA perhaps is one of the most notable regulatory acts of the Congress when the concept of big government was starting to face serious challenge, they say.

"The abuses were there and had to be stopped," said David Allen, a former aide to Sen. Lloyd Bentsen, D-Texas. ERISA imposed minimum standards for participation, vesting and funding, and set uniform fiduciary standards. It created an agency to insure benefits where terminating pension plans are underfunded, and established individual retirement accounts for non-covered employees.

Despite the surge in plan terminations following its passage, plan growth and coverage have risen sharply since 1975.

A special section on the 10th anniversary of ERISA starts on page 61. Joel Chernoff, Washington editor, coordinated the section. He and staff reporter Fred Williams researched and wrote the stories.

From 1975 to 1983, the number of defined benefit plans in existence more than doubled, to 236,000 from 107,000; participants covered grew to 40.2 million from 33 million, according to the Department of Labor. Defined contribution plans have grown more rapidly, to 540,000 from 233,000.

Nevertheless, some members of the pension community have been questioning whether ERISA's standards in the investment area are being eroded by relaxed attitudes toward the role of plan assets in corporate operations.

In passing ERISA, Congress worried some companies had forgotten the purpose of creating pension funds. "Specifically, we were concerned about such things as the philosophy that regarded pension funds as part of corporate profit centers," said Michael S. Gordon, who served as a key staffer for former Sen. Jacob Javits, R-N.Y., at a 1978 conference.

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Late news

PacTel selects two

SAN FRANCISCO — Pacific Telesis Group reportedly is bringing in at least two new managers — Pacific Investment Management Co. and Chase Investors Management — to run portions of its $3 billion in employee benefit assets.

Sources said PIMCO has been selected to run roughly $350 million in fixed income. However, they added the account might be a temporary parking spot for some or all of those assets. Chase as equity

Continued on page 4

Pensions & Investment Age

Termination is gaining acceptance

By Joel Chernoff

WASHINGTON — The pace of terminations of overfunded pension plans has leveled off, but the actions increasingly are becoming an accepted part of corporate life.

Plan terminations have become a valued source of corporate financing, whether used to help bail out a troubled firm, to finance corporate expansion or to reduce debt as part of a merger or acquisition agreement.

Statistics compiled by the Pension Benefit Guaranty Corp. show the agency received filings to terminate 163 plans involving estimated reversions of $1.87 billion from Dec. 5, 1983, to July 10, 1984.

Completed terminations since 1980 have involved 212 plans with asset reversions totaling $1.74 billion as of June 10, according to a PBGC list. Total assets in the plans prior to termination added up to $4 billion.

However, the pending terminations include long-expected and much-publicized ones by Celanese Corp., New York, and the Great Atlantic & Pacific Tea Co., Montvale, N.J., which were expected to return $300 million and $275 million respectively to the companies.

Firestone Tire & Rubber Co. recently filed for termination, and expects to recapture $250 million to $300 million in excess assets, making it one of the largest reversions on record (*see story, page 5*).

Another seven plan terminations, involving five companies, account for $318 million in expected reversions. Recent filings were made by Diamond International Corp., which expects a $60 million reversion; Cameron Iron Works Inc., due a $71.7 million recapture; Valley National Bank of Arizona, $51 million; Armour Food Co., $91 million; and Harshaw/Filtrol Partnership, $33.9 million. That leaves 154 plan terminations expected to return $978 million to their plan sponsors.

"There has been no significant difference in the trend of termination activity since the announcement of the administration's policies" April 4, said David Walker, PBGC deputy executive director.

That policy gave companies the green light to replace defined benefit plans with similar plans, and

Continued on page 103

Assets to fund dedicated portfolio

Chrysler pulling back on realty

By Mark Westerbeck

DETROIT — The $1.6 billion Chrysler Corp. pension fund is liquidating its investments in open-end real estate funds and is considering cashing out of its closed-end real estate investments.

If that happens, Chrysler would be the first pension fund to withdraw from closed-end funds run by JMB Institutional Realty Corp. and The RREEF Funds.

The moves out of real estate are necessary to help fund Chrysler's decision to set up a huge dedicated bond portfolio.

Chrysler officials said they have had preliminary discussions with their real estate advisers about liquidating the closed-end investments.

However, a spokesman for the automaker said it "conceivably" might stay with these investments "if it's best to stay in real estate ... We don't want to do it unless it's beneficial."

The spokesman acknowledged "it could be years," and certainly months, before the company could liquidate its closed-end holdings.

A representative of Prudential Asset Management labeled its PRACE-I, a closed-end fund in which Chrysler retains a small investment, "illiquid."

On June 30, Chrysler withdrew its stake in Prudential's PRISA and PRISA-II, two open-end commingled funds.

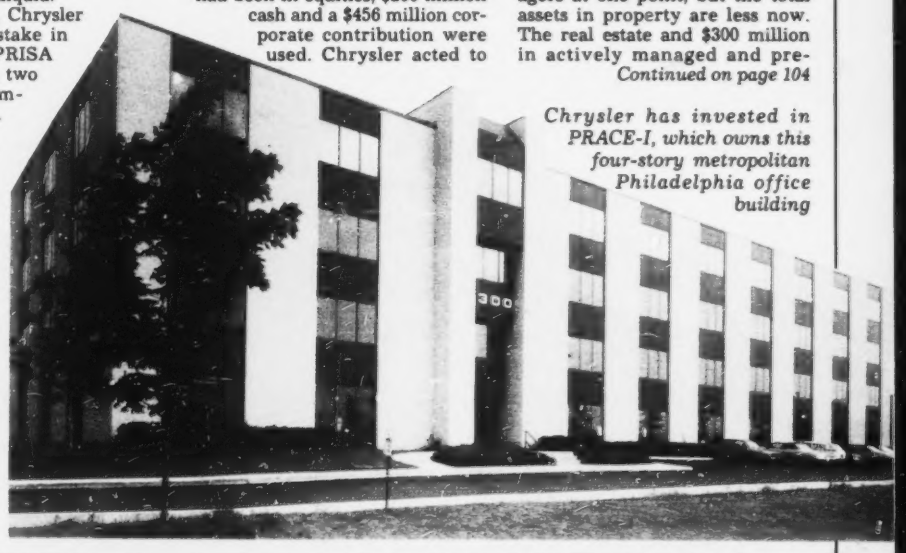
"At this point, we don't have any reason to believe they want to get out of the closed-end account," said Charles J. Payne, director of marketing support.

Chrysler has expressed a desire to get out of real estate in light of its decision in July to move a large share of assets — $1.1 billion — into dedicated bond portfolios (*Pensions & Investment Age*, Aug. 6).

At that time, $450 million that had been in equities, $200 million cash and a $456 million corporate contribution were used. Chrysler acted to lock in high bond yields, substantially reducing its pension liability and future contributions.

As much as $200 million was spread among six real estate managers at one point, but the total assets in property are less now. The real estate and $300 million in actively managed and pre-

Continued on page 104



Chrysler has invested in PRACE-I, which owns this four-story metropolitan Philadelphia office building

Oregon Employees ousts McGoffin

James McGoffin

By Steve Hemmerick

SALEM, Ore. — James McGoffin has been terminated as director of the $4 billion Oregon Public Employees' Retirement System and dropped from the Oregon State Investment Council.

The dismissal came Aug. 17 after a weeklong closed-door investigation turned up questions about his travel expenses, job attendance and pension staff morale.

In demanding his resignation, the system trustees said "the board no longer had faith and confidence in the director's ability to carry out the needs of the board." The pension board voted 5-0 in favor of his dismissal.

Speaking by telephone from his home, Mr. McGoffin denied any wrongdoing, and said he is "very disappointed they didn't recognize the talent and the services rendered."

The investment council makes all the investment decisions for the state pension system.

Mr. McGoffin had been appointed to one of five seats on that council by the employees' retirement system's board of trustees.

Trouble began for Mr. McGoffin when word leaked out about an audit of his travel expenses by the staff of the Oregon secretary of state's office.

Norma Paulus, secretary of state, said she testified before the pension board's closed-door personnel session concerning the expense reports.

Ms. Paulus said she would not comment until the audit report was finished.

However, sources told *Pensions*

Continued on page 102

Bank could lose teachers' assets

By Steve Hemmerick

NEW YORK — Manufacturers Hanover Investment Corp., a top performer in fixed income for the long term, probably will lose $7.5 billion, and could lose all $8 billion, in California teachers' pension money it has been managing for the past 13 months.

This month, the $12 billion California Teachers' Retirement System is expected to pick its first permanent fixed-income managers (*see related story on page 14*).

So far, Manufacturers is a finalist for only one of two $500 million long-term accounts up for grabs from the fund. It is not a finalist in the "moderate market timer" fixed-income category.

"It would be odd to lose the whole thing," admitted William C. Petty, vice president and client contact for Manufacturers. Originally, he thought his firm might be in the "catbird seat" to keep some of the teachers' money permanently, but now he is wondering.

In July 1983, the Santa Monica-based consulting firm Wilshire Associates picked Manufacturers to temporarily run the teachers' entire fixed-income portfolio when the fund's plan for in-house investment collapsed.

The job was to be for six months, but was stretched out when the trustees ran into additional problems. In that time, the fund has had three executive officers, a new chief investment officer and a change in the composition of the trustees, including a new chairwoman, Judith Powell.

Also, consulting on manager selection was turned over to Frank Russell Co., Tacoma, Wash., a firm some bankers believe doesn't favor banks as managers.

Another problem is short-term performance. According to Pensions & Investments' Performance Evaluation Report, Manufacturers

William C. Petty

is in the first decile of the PIPER fixed-income universe for the 10-year period ended June 30, and the second decile for five years.

But for the one-year period ended June 30, its performance has hit the bottom 20%, in what Mr. Petty calls a tough year. He knows the firm has good long-term performance, but he adds, "The question often is, 'What have you done for us lately, or what can you do for us now?' " ■

$300 million allocated

Colt sets dedication

By Barry B. Burr

NEW YORK — Colt Industries Inc. took away $300 million from its nine money managers to set up dedicated bond portfolios yielding around 14.2%, the company said.

Colt now has about $400 million, or 80%, of its pension assets in dedicated bond funds.

Its first dedication was done in 1982.

Speaking of the latest dedication, Daniel D. Chabris, assistant treasurer, said, "Real interest rates were very attractive." Figuring a 4% inflation rate, he said the real return on the portfolios is about 10.2%.

He was unable to say what effect the dedication will have on the pension plan's assumed rate of return and on Colt's annual pension contribution and expense for next year.

During the past three years, other investment decisions have enabled Colt to cut its pension expense and annual contributions by 60%, the company said.

The plan is roughly 134% overfunded on a termination basis. Mr. Chabris said the latest available data, as of Jan. 1, 1983, shows the plan had assets of just less than $500

Colt Industries

million and vested and non-vested liabilities of $213 million.

The dedication was set up in May by First Boston Corp., he said. The $300 million was placed in three dedicated portfolios, the longest maturing in 2014.

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Energy partnership refuels

By Fred Williams

DALLAS — The first oil and gas investment vehicle to be aimed at pension funds has weathered the oil industry slide and a management shake-up to regain a measure of respect from investors, its competition and industry observers.

American Gas and Oil Investors was put together by Heafitz, Widmann McMahon & Gardner, a private financing organization, as the general partner, and First Boston Corp. as the placement agent for the limited partnership offerings.

AmGO I and II closed in November 1981 and April 1983, respectively, after having raised a total of $180 million. A small amount yet remains to be invested, but is expected to be fully invested by the end of September.

The heyday for AmGO I was during the months immediately after it hit the market in the spring of 1981, when the worldwide oil and gas drilling boom was in full swing.

AmGO I had commitments of $144.3 million at its closing in 1981. Investors included the pension plans at International Business Machines Corp., Kaiser Aluminum & Chemical Corp., Atlantic Richfield Co. and Gulf and Western Inc.

AmGO II closed in 1983 after receiving commitments of $35 million, far below the original target of $50 million to $100 million.

The problems for AmGO began when the general partners found themselves awash in cash during a difficult time in the oil business and had to stop investing the funds. This occurred during the widespread decline of the oil and gas business, the bottoming out of oil prices, the industry shakeout in drilling activities both offshore and in deep gas areas.

All of that, coupled with the collapse of the Penn Square Bank, had ramifications throughout the petroleum industry and the financial community in general.

Heafitz, Widmann began investing the funds in 1981 and into the summer of 1982. Then, it ran into the market slide and had to withdraw some of its commitments and sit on some of the assets.

The result was rumors that the AmGO funds couldn't be invested.

The partnership was roundly criticized for investing too much too quickly and without conducting sufficient due diligence activities and investigating some of the operators with whom it did business, some of whom later filed for bankruptcy.

"They got in at the peak of the market and, like everyone else, they expected oil prices to rise dramatically. The deals they did suffered because of it," said an official of a competing oil and gas investment business.

"We were fortunate and didn't have any money to invest then. They had a lot of money and grew too quickly," he said.

The turnaround at AmGO seems to have started with the arrival of John Hill and William Macaulay, who bought out Bruce Heafitz's 35% interest in the general partnership (*Pensions & Investment Age*, Feb. 21, 1983).

"Bringing in the new management seems to have pleased their clients, and they seem to be doing much better now," said the competitor.

Mr. Hill took over as managing director in December 1982. He promptly began restructuring the AmGO investment portfolio, trimmed the staff at First Reserve Corp. (the new name of the manag-

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Late news

Continued from page 3

manager is expected to get about $50 million.

Reportedly, Crocker Investment Management Co., one of 11 firms inherited by PacTel from American Telephone & Telegraph Co., might be losing some, if not all, of the more than $400 million in stocks and bonds it manages.

It could not be determined if more than two new managers had been selected or if the assets were to be drawn from existing managers. Richard Holmes, director of investment management at PacTel, and officials at the investment firms declined comment.

Nabisco Brands hires

PARSIPPANY, N.J. — Nabisco Brands has hired two international managers to manage about 5% of its $435 million pension fund and added an additional real estate manager, according to James A. Reavis, director of pension asset management. Effective Oct. 1, N. M. Rothschild & Sons, London, and Globe Finlay Inc., New York, each will manage $10 million to be invested outside the United States. In addition, Nabisco will invest $10 million in Copley Real Estate Advisors' developmental real estate partnership.

Florida adds realty

TALLAHASSEE, Fla. — The $7 billion Florida State Board of Investment has committed to Goldman, Sachs & Co.'s open-end fund and LaSalle Partners Inc.'s second closed-end fund, said Douglas Bennett, real estate portfolio manager.

With these commitments and additional investments made to the six open-end funds Florida selected late last year, Mr. Bennett estimated the system now has more than $420 million in equity realty.

In-house unit spun off

CAMBRIDGE, Mass. — Polaroid Corp. has spun off its in-house investment unit into a separate subsidiary that will seek outside balanced and fixed-income accounts, said Edward R. Bedrosian, vice president and treasurer.

Edward M. Safran, Polaroid's assistant treasurer, has been named president of the unit. Two other professionals also will be hired. Mr. Bedrosian, who is chairman and chief executive officer of the subsidiary, Merganser Capital Management Corp., said it was spun off because of its outstanding fixed-income performance. The subsidiary is registering with the Securities and Exchange Commission.

Lyon to terminate

AURORA, Ill. — Lyon Metal Products Inc. hopes to recapture $11.3 million from the termination of its pension plan for salaried and non-union employees.

The company cited adverse business conditions as the reason for terminating the plan, which it will replace with a profit-sharing plan, according to a company official.

Foxboro Co. commits

FOXBORO, Mass. — The Foxboro Co. pension fund committed $2.8 million last week to the open-end equity real estate fund run by Copley Real Estate Advisors. Copley was selected over open-end vehicles managed by Equitable Real Estate Investment Management and CIGNA Capital Advisers Inc.

The amount was the balance of the company's annual contribution to the fund.

Personnel moves . . .

• STAMFORD, Conn. — John Meuser has been named director of pensions and benefit finance at Pitney Bowes Inc.

Mr. Meuser joined Pitney Bowes in 1960 and most recently had been director of capital resources.

Charles McBride, former director, has been named senior corporate financial planner.

• ST. PAUL, Minn. — John Allers has been named interim executive director of the Minnesota Public Employees' Retirement System. The former executive director, Mike McClaren, was appointed chief executive officer of the California State Teachers' Retirement System. Mr. Allers has been with the Minnesota retirement program for the past 10 years as a member of the board of trustees.

• NEW YORK — James Coughlin has joined the renamed Retirement System for Savings Institutions, formerly the Savings Banks Retirement System, as vice president of investments. He replaces Edward Macheski who resigned last month to join Carret & Co.

Mr. Coughlin formerly was vice president-investments with Manufacturers Hanover Trust Co.

The system is changing its structure as well as its name and will register with the Securities and Exchange Commission later this year as an open-end investment trust.

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Glut of office buildings flattens rental income

By Steve Hemmerick

LOS ANGELES — Pension fund executives can expect flat or declining rental income on office buildings in many cities as the nation suffers possibly the worst office overbuilding spree in 10 years.

Several real estate experts put the blame for overbuilding on banks and some insurance companies in providing developers with too much money for big new office buildings.

"I doubt the vacancy rate for office buildings in some cities has been that high before in modern times," said Bill Hinkley, a vice president with Coldwell Banker Commercial Real Estate Services, which tracks office and industrial building vacancy rates.

Cities especially hard hit are Denver, where the office vacancy rate in downtown areas was 28.1% and in suburban areas was 26.5% in June, and Houston, where the downtown office vacancy rate was 21.1% and the suburban rate, 30.7%. (Other cities' vacancy rates are listed in the accompanying chart.)

Nationally, the office vacancy rate for the quarter ended June 30 was 13.5% in downtown areas and 18.1% in suburban areas. This compares with national office vacancy rates of about 5% in 1980 and 1981 when many sponsors were first investing in real estate.

Worse yet, dozens of buildings are in the construction or planning stage, and could add to severe problems in the months ahead.

For example, Atlanta has 45 million square feet of top-grade office space. Of that, 6.2 million square feet, or 13.6%, is vacant, according to Christopher D. Budden, executive vice president with Richard Ellis Inc., which invests in U.S. real estate for foreign pension funds.

But, he said, another 9.2 million square feet of office space is under construction, of which only 1 million square feet is leased.

Mr. Budden said he is glad 50% of his assets are in retail real estate, where there is often an undersupply, although he said he needs to buy office buildings for diversification.

Yet there are "very few markets where we would invest at this moment," for office buildings, he added.

In many cities rental income, the only income plan executives will see from office buildings until the buildings are sold, is expected to be flat or declining for the next two years.

Appraisals on buildings, subjective assessments of a building's current value, might make pension fund performance reports on real estate portfolios look better than can be expected.

Some office vacancy rates are about as "high as back in the mid-70s," said Claude Ballard, a partner with Goldman, Sachs & Co., New York. The real estate market was thrown into a tailspin in the mid-70s, when a deep recession struck the economy and real estate investment trusts, many of which had been borrowing to buy buildings, found themselves with high vacancy rates and little reserve cash.

Yet one of the most conservative of real estate investors, The RREEF Funds, had declining income on two of its seven funds for the second quarter of this year, said Paul Sack, principal.

RREEF, which has $1.6 billion invested in real estate, buys buildings for cash, using no borrowed money, and only when they are fully or almost fully occupied.

Mr. Sack explained the primary problem isn't that office buildings owned by pension funds are becoming vacant, but they would lose tenants to newer buildings if they didn't keep rents competitive.

Real estate experts also said that in cities especially hard hit with vacancies, free rent is given by owners who also must make building or office improvements to satisfy tenant tastes. The cost of building improvements drives down rental income, to say nothing of giving free space.

Not all cities are facing high vacancies in office buildings. For example, in mid- and

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Downtown office vacancy rate

Atlanta	14.5%
Boston	4.6
Charlotte	13.8
Chicago	10.8
Cincinnati	10.1
Dallas	16.2
Columbus	13.1
Indianapolis	11.9
Los Angeles	11.8
Kansas City	9.9
Miami	15.5
Minneapolis/St. Paul	9.1
Nashville	17.0
New Orleans	20.6
Oklahoma City	14.2
Philadelphia	9.6
Phoenix	16.9
Portland	20.8
Sacramento	23.0
St. Louis	9.5
San Diego	17.4
San Francisco	8.6
San Jose	9.1
Seattle	14.2
Tampa	9.6
Washington, D.C.	10.5
Toronto	13.9

Source: Coldwell Banker

Firestone to recapture $250 million

By Barry B. Burr

AKRON, Ohio — Firestone Tire & Rubber Co. expects to recapture $250 million to $300 million by terminating its pension plan for salaried employees.

That likely will make the Firestone reversion one of the three biggest ever and the largest since the Reagan administration issued new termination guidelines.

Firestone will replace the plan Sept. 1 with another defined benefit plan offering the same benefits.

J. Robert Anderson, chief financial officer, said Firestone will recapture between $250 million and $300 million. In a filing with the Pension Benefit Guaranty Corp., Firestone estimated a reversion of $280 million.

Mr. Anderson declined to give the amount of assets and liabilities of the plan or the number of its participants. But its PBGC filing listed the market value of the plan's assets at $609 million as of June 30. It said it has 25,837 active participants and 6,636 retirees.

Firestone managed the assets of the terminated plan in-house, Mr. Anderson said.

Unclear is whether the termination will affect Firestone's internal investment staff.

An executive who declined to be named said, "It's a logical conclusion. If you decrease the amount of money under management, then you won't need as many managers."

Firestone has three portfolio managers: James D. Oelschlager, who also is the director of pension investments, James Reith and James Behrmann. About $400 million in pension assets, plus whatever the company contributes to the new plan, will remain for the trio to manage.

The company has in total about $1 billion in pension assets, divided among three plans, the largest of which, $609 million, is for salaried employees being terminated. Its other two plans, totaling $400 million in assets and both for union workers, are unaffected by the termination.

Unlike the salaried plan, the union plans are underfunded, Mr. Anderson said, declining to give

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Third non-cash contribution in 3 years

LTV contributes debentures

By Fred Williams

DALLAS — The LTV Corp. has dipped into the well of its own securities to make a non-cash contribution to its pension fund for the third time in as many years.

Officials confirmed LTV contributed $33 million principal amount of its 14% sinking fund debentures as part of its 1983 plan year contribution to the pension fund sponsored by Jones & Laughlin Steel Inc., a wholly owned LTV subsidiary.

The contribution was part of an overall $200 million public offering of LTV debentures and variable rate notes. Net proceeds from the public sale are expected to be $182.9 million.

In December 1982, LTV placed $25 million in sinking fund debentures into its then approximately $1.2 billion pension fund; that contribution was part of a $150 million issue (*Pensions & Investment Age*, Dec. 20, 1982).

In September 1983, LTV made its second non-cash contribution of 2 million shares of preferred stock. Another 4 million went to the public market (*P&I Age*, Sept. 5, 1983).

The newest contribution of sinking fund debentures to the pension fund is in addition to the publicly offered $100 million principal amount of LTV 14% debentures due in 2004 and $100 million principal amount of subordinated variable rate notes in 1995.

Underwriters for the public offering are Lehman Brothers Kuhn Loeb, Merrill Lynch Capital Markets and First Boston Corp.

George Simon, LTV's director of employee benefit trust administration, refused to discuss the non-cash pension contribution. He only would say the debentures would be placed in the pension trust account.

Following the 1982 contribution of debentures to the LTV fund, the $25 million portfolio was actively managed by Scudder, Stevens & Clark, Boston, which remains LTV's bond manager.

Dennis Hamilton came to LTV to direct employee benefit fund investments when LTV merged

with Republic Steel Corp. in June. He said the non-cash contribution was done to "save cash," and declined to discuss the matter further.

While the latest non-cash contribution marks the third consecutive year for such action, an insider said LTV has no established corporate policy on non-cash contributions.

He said the company examines the pros and cons of how to make pension fund contributions each year, then takes action "based on good, sound business judgment. There is no directive or corporate policy calling for non-cash contributions."

Following the merger between Republic and LTV, pension assets reached a combined total of about $2 billion.

The latest non-cash contribution amounts to about 1.5% of the total fund.

LTV officials refused to disclose the amount of the company's annual contribution to the pension fund.

The company was one of the first major corporations to make non-cash contributions to its pension fund; others quickly followed including American Airlines, U.S. Steel Corp., Reynolds Metals Co., Republic Steel, Exxon Corp., Eastman Kodak Co., Armco Inc. and Martin Marietta Corp.

Jury still out on dedication, immunization

By Barry B. Burr
and Richard J. Gillespie

CHICAGO — With more than $7 billion in dedicated and immunized portfolios already written and others recently announced, two formerly obscure fixed-income management techniques have become front-page news.

But not all pension executives are enamored of the techniques. Several already have rejected them, and a few hold scathing views about them.

The moves brought support from others, who questioned the conventional thinking that equities provide a better return than bonds.

In recent dedications, at least two large pension funds might have sacrificed some short-term gains in the stock markets. Shortly before the Aug. 1 stock market rally began, Chrysler Corp. and Bethlehem Steel Corp. together sold more than $1.1 billion in equities to purchase the bonds.

Immunized portfolios are optimized to minimize risk and lock in a target rate of return. In dedicated portfolios, the cash flow from interest and maturing bonds is matched to the schedule of pension payments, eliminating reinvestment risk.

Although dedication and immunization are different techniques for managing bond portfolios, their concepts are similar and "their terms are sometimes used synonymously," said Ray H. Stevenson, director of employee insurance and pensions at International Harvester Co. "In order to immunize, you have to dedicate."

Gary Pines, Chicago-based consultant with Towers, Perrin, Forster & Crosby, added, "I look at dedication as the process of fixing assets to fixed liabilities. And I look at immunization as one of the methods of dedicating."

"When you immunize, you decide to give up the upside potential of your equities," said Mr. Pines. "Immunization is an investment decision. It's no different from any other investment decision.

"The beauty of it is, on the liability side, the comfort of taking care of debt; on the investment side, you are grabbing a high real rate of return on investment."

At Dayton Hudson Corp., its immunized portfolios will return 11% and 14%, providing a real rate of return of 7% to 10%, considering an inflation rate of 4%.

With the immunized or dedicated bond portfolios providing high, more certain returns on pension assets, actuaries allow sponsors to increase their assumed rate of return on assets and thus reduce their contributions to the plan, said Robert L. Barnes, Chicago manager, Wyatt Co.

Bethlehem Steel said its move would cut its annual contribution by $50 million.

With dedication or immunization, contributions are cut right away, Mr. Pines said. By staying in equities and other non-dedicated investments, sponsors might earn more in the long run, also allowing cuts in contributions, he said. But the cuts come more slowly, he added.

"In general, I think immunization is a good idea, depending on the circumstances," said Kenneth R. Meyer, executive vice president, Lincoln Capital Management Co., Chicago.

He cautioned, however, about "radically changing the asset allocation," as Chrysler and Bethlehem did recently in moving much of their assets into bonds.

Overall though, he said, "A dedicated portfolio is one of the few investment products that has a high probability of meeting its investment objectives."

But Peter Dietz, senior vice president and director of research, Frank Russell Co., Tacoma, Wash., said, "I'm not sure the typical, large corporation with an ongoing pension plan ought to be in immunization."

He said equities have, in the long

Continued on page 100

PIPER

RepublicBank Dallas fund leads special equity pools

By Rose Darby

NEW YORK — Value-oriented stock picking, with an emphasis on seeking issues out of favor with Wall Street, was the winning strategy employed by the top special equity funds in PIPER for the year ended June 30.

PIPER, Pensions & Investments' Performance Evaluation Report, has a universe of 92 bank and insurance company special equity commingled funds. In that universe, the median fund had a time-weighted total return on investment of -16.6% for the year ended June 30, while the Standard & Poor's 500 stock index lost 4.7% for the same period.

By contrast, RepublicBank Dallas, with its new Select Equity Fund, was the champion for the year, with a time-weighted total return of 32.8%.

"The concept of the fund is to use a basic valuation methodology with no attempt to buy names at all," explained H.E. Anderson, senior vice president at the bank. Benno Fisher, vice president, is the portfolio manager who runs the fund, he added.

The $2 million fund was designed as a companion fund to the diversified equity fund, said Mr. Anderson. "It is a pure attempt to focus on security selection through trying to buy value as we define it," he said.

"We look for companies that are underfollowed and underowned by Wall Street," explained Charles Gaecke, vice president, in Mr. Fisher's absence.

"We are very much contrarian types of people, even though the word is overused," he said. "We want companies with price-earnings ratios lower than the market, which will have growth rates above the market. We choose companies which are the lowest cost producers in their industry, and ones in which management owns a good portion of the company's stock."

Value Line was such an issue, he said: "It doesn't necessarily meet all the criteria, but it has a lower-than-market multiple and has superior prospects for earnings." Also, its management owns a good portion of the stock and Wall Street doesn't follow it, Mr. Gaecke said.

Gulfstream Aerospace and **Ohio Mattress** were other examples of high-flyers for the portfolio. Each company is the lowest cost producer in its industry and has low operating rates. Management holds a large share of each stock, he added.

This special equity fund is not a high-risk one, in terms of issue selection, as would be the case with an emerging growth portfolio, he said. Instead, the higher risk to which the fund is exposed is that of lack of diversification across market sectors.

Second in the running for the year was Continental National Bank in Fort Worth, Texas, with a total return of 9.4%.

A defensive strategy is used in managing the $1.3 million Total Return Equity Fund, said Frank P. Ganucheau III, senior vice president and head of trust investments.

"We try to buy low P/E stocks, with a high, sustainable return on equity, a low price-to-book ratio, backed by strong balance sheets, that are out of favor with Wall Street," he explained.

This special equity fund, as well as others that are run by Continental National, is used to provide models for the bank's separately managed accounts, he added.

Valencia Bank in Santa Ana, Calif., was third for the year, with a 4.9% total return. The Bank of Boston's Equity Yield Fund was fourth with 2.1%, and Mutual of New York's Equity Income Fund was fifth with 1.5%.

During the quarter ended June 30, the PIPER median special equity fund had a time-weighted total return on investment of -2.3%. The S&P 500 for the quarter logged a -2.6% return.

Citibank's Real Estate Stock Fund was first for the quarter with a 3.8% time-weighted total return, and Chase Manhattan's Intermediate Capital Equities Fund ran a close second for the period with a 3.7% total return.

In third place was United Virginia Bank in Richmond, Va. Its Special Equity Fund logged a 3.2% total return.

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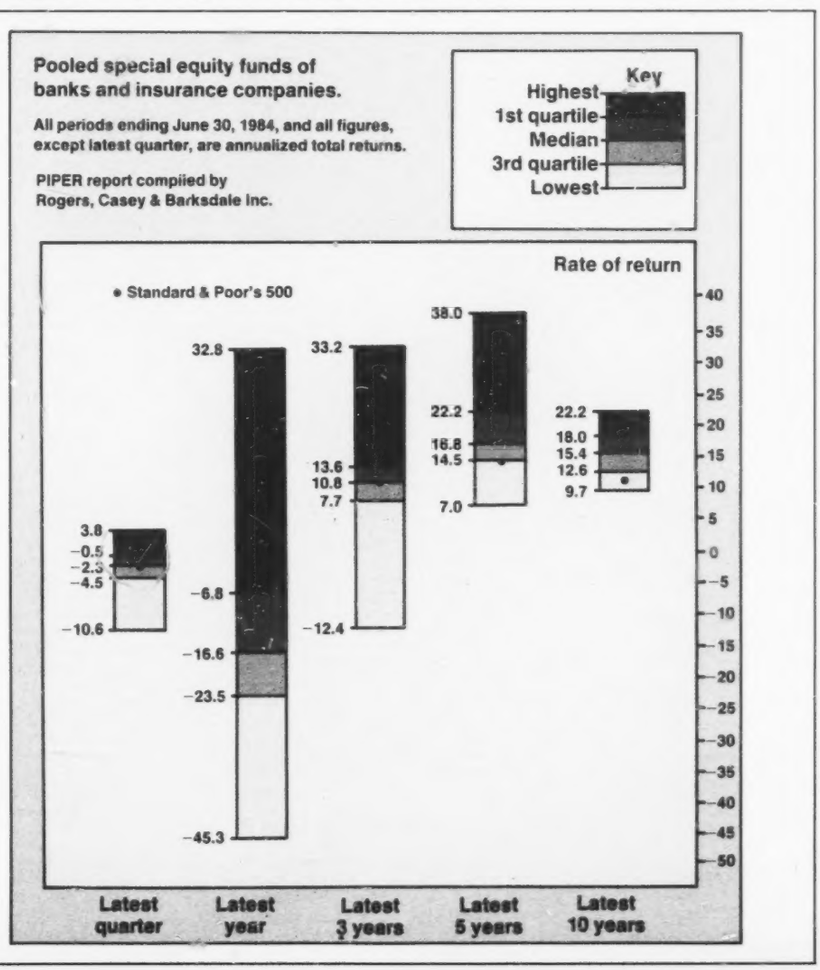

Top quartile commingled special equity funds

3-month returns

	%
Citibank, N.Y.	3.8
Chase Manhattan, N.Y.	3.7
United Virginia Bank	3.2
First Pennsylvania Bank	3.1
InterFirst Invt. Mgmt., Texas	2.0
Merchants Natl., Ind.	1.9
American Fletcher, Ind.	1.8
Citibank, N.Y.	1.7
Natl. Bank of Detroit	1.5
Sovran Bank, Va.	1.3
Citibank, N.Y.	1.0
Chase Manhattan	0.6
Connecticut Bank & Trust	0.6
Bank of America, Calif.	0.5
First of Neenah, Wis.	0.4
Pittsburgh National	0.2
Metropolitan Life, N.Y.	0.1
Sentry, Wis.	0.0
Manufacturers Hanover, N.Y.	0.0
Republic Natl., Dallas	-0.3
Central Fid., Lynchburgh	-0.3
Bankers Trust, N.Y.	-0.3
Connecticut Natl. Bank	-0.3
Continental Natl., Texas	-0.5
Natl. City Cleveland	-0.6
Provident Natl., Pa.	-0.8
First of Maryland	-0.8
Morgan Guaranty, N.Y.	-0.9
Mutual of New York	-0.9
First of Boston	-0.9
Old Second Natl., Ill.	-1.1
Chase Manhattan, N.Y.	-1.2
Mellon Bank, Pa.	-1.2
First of Chicago	-1.3
Prudential, N.J.	-1.3
Trust Co. of Georgia	-1.4
Norwest Bank, Minn.	-1.4
Central Fid., Richmond	-1.6
Citizens & Southern, Ga.	-1.6
First Natl. of Tulsa	-1.8
First Interstate of Calif.	-1.8
Lincoln Natl., Ind.	-1.8
First Trust, St. Paul	-1.8
Dauphin Deposit, Pa.	-1.9
California First Bank	-1.9
Bank of California	-2.0
Standard & Poor's 500	**-2.6**

1-year returns

	%
Republic Natl., Dallas	32.8
Continental Natl. Bank, Texas	9.4
Valencia Bank, Calif.	4.9
First of Boston	2.1
Mutual of New York	1.5
Prudential, N.J.	1.0
Wachovia Bank, N.C.	0.9
Natl. of Commerce, Tenn.	-0.6
Pittsburgh National	-1.6
Chase Manhattan, N.Y.	-1.7
Metropolitan Life, N.Y.	-1.9
Merchants Natl., Ind.	-2.4
Sentry, Wis.	-2.6
American Fletcher, Ind.	-3.5
Citibank, N.Y.	-4.0
First of Neenah, Wis.	-4.0
Manufacturers Hanover, N.Y.	-4.4
Standard & Poor's 500	**-4.7**
United Virginia Bank	-4.8
Oregon Bank	-5.0
Provident Natl., Pa.	-5.7
Mercantile Trust, Mo.	-6.1
First of Minneapolis	-6.6
Trust Co. of Georgia	-7.6
Natl. Bank of Detroit	-7.9
Old Second Natl., Ill.	-8.0
Citibank, N.Y.	-8.4
Morgan Guaranty, N.Y.	-8.8
First of Chicago	-9.5
Chase Manhattan, N.Y.	-9.8
First of Neenah, Wis.	-11.1
Manufacturers Hanover, N.Y.	-11.4
Prudential, N.J.	-11.8
Connecticut Bank & Trust	-12.0
First Interstate of Nevada	-12.3
Chase Manhattan, N.Y.	-12.6
Mellon Bank, Pa.	-13.6
Fidelity Mgmt. Trust, Mass.	-13.7
First of Maryland	-14.0
Central Fid., Lynchburgh	-15.3
Morgan Guaranty, N.Y.	-15.4
Wachovia Bank, N.C.	-16.0
Natl. City Cleveland	-16.0
First Pennsylvania Bank	-16.0
InterFirst Invt. Mgmt., Texas	-16.0
Texas American Bank	-16.4

3-year returns

	%
Security Pacific, Calif.	33.2
Citibank, N.Y.	20.5
Provident National, Pa.	20.2
Chase Manhattan, N.Y.	19.3
Natl. Bank of Detroit	18.5
First of Maryland	18.0
California First Bank	17.9
Natl. City Cleveland	17.5
Chase Manhattan, N.Y.	17.5
Connecticut Natl. Bank	17.2
Norwest Bank, Minn.	15.6
First Pennsylvania Bank	15.5
Manufacturers Hanover, N.Y.	15.4
First of Boston	14.9
Merchants Natl., Ohio	14.6
Chase Manhattan, N.Y.	14.3
Metropolitan Life, N.Y.	13.8
Central Fid., Richmond	13.7
Connecticut Bank & Trust	13.7
First of Chicago	13.6
Mutual of New York	13.4
Bank One, Ohio	13.4
First Trust St. Paul	13.3
Merchants National, Ala.	13.3
Prudential, N.J.	13.1
Bankers Trust, N.Y.	12.9
Trust Co. of Georgia	12.8
Prudential, N.J.	12.6
First Interstate of Nevada	12.5
Citibank, N.Y.	12.5
Northern Trust, Ill.	12.3
United Virginia Bank	12.1
InterFirst Invt. Mgmt., Texas	12.1
American Fletcher, Ind.	11.9
Continental Natl. Bank, Texas	11.8
Morgan Guaranty, N.Y.	11.0
Standard & Poor's 500	**10.8**

5-year returns

	%
California First Bank	38.0
Northern Central, Pa.	26.1
Norwest Bank, Minn.	24.7
Bankers Trust, N.Y.	24.6
Connecticut Bank & Trust	24.6
Bank of America, Calif.	23.4
InterFirst Inv. Mgmt., Texas	23.3
Merchants National, Ala.	23.1
Equitable Life, N.Y.	23.1
Chase Manhattan, N.Y.	23.0
Provident National, Pa.	22.8
Bank of Southwest, Texas	22.2
First of Maryland	22.2
Citibank, N.Y.	22.1
Chemical Bank, N.Y.	21.0
Natl. City Cleveland	20.9
Chase Manhattan, N.Y.	20.6
First of Chicago	20.2
First Interstate of Nevada	19.8
Citibank, N.Y.	19.2
First Pennsylvania Bank	19.0
Morgan Guaranty, N.Y.	18.6
Manufacturers Hanover, N.Y.	18.0
Metropolitan Life, N.Y.	17.9
Central Fid., Richmond	17.7
HT Investors, R.I.	16.9
Prudential, N.J.	16.8
Texas American Bank	16.8
Standard & Poor's 500	**14.0**

10-year returns

	%
California First Bank	22.2
Chase Manhattan, N.Y.	20.4
Bankers Trust, N.Y.	19.9
Provident National, Pa.	19.4
Connecticut Bank & Trust	19.2
Bank of America, Calif.	19.1
Manufacturers Hanover, N.Y.	18.2
Equitable Life, N.Y.	18.1
Morgan Guaranty, N.Y.	17.7
AmeriTrust, Ohio	17.7
Natl. City Cleveland	17.4
Republic Natl., Dallas	17.3
Citibank, N.Y.	17.3
Norwest Bank, Minn.	17.1
InterFirst Inv. Mgmt. Texas	16.8
First Pennsylvania Bank	16.3
Chemical Bank, N.Y.	15.4
Standard & Poor's 500	**11.3**

Pensions & Investment's Performance Evaluation Report is a quarterly performance evaluation service published by Pensions & Investment Age, and compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.

Real Estate Directory

Pensions & Investment Age's annual directory of real estate investment advisers drew 109 responses from money managers and consultants. The profiles include the amount of tax-exempt assets under management in equity and mortgages and the types of investment products offered.

Three major acquisitions during the past year made possible by pension fund contributions (clockwise from left): The Sarasota Hyatt in Florida, purchased by Prudential Asset Management for PRISA; the towers of Williams Square, in Irving, Texas, the 1.3 million-square-foot office complex held by Equitable Real Estate Investment Management Separate Account #8; and 500 Park Tower, the 40-story complex on Park Avenue, New York City, also part of Separate Account #8.

Prudential leads in equities, but RREEF, independents gaining

By Mark Westerbeck

NEW YORK — The Rock became more of a boulder during the past year: The Prudential Asset Management Co. solidified its status as the biggest manager of pension assets in equity real estate by generating more new business than any other adviser.

But the annual *Pensions & Investment Age* survey of real estate investment advisers also illustrated a developing change: the greater strength, in terms of equity assets under management, of the non-institutional managers.

This comes as pension funds are growing out of a 10-year initial wave of investments in broadly diversified, open-end pooled funds generally run by insurance companies and banks and moving to more specialized investing in closed-fund and direct separate account management.

In the ranking of the leading managers by "equity-oriented" assets (which combines real estate equity and hybrid debt), The RREEF Funds rose to second place from fifth, supplanting an insurance company's unit, Equitable Real Estate Investment Management, which dropped to fourth.

Of the three new entrants in the Top 10 this year, all are independents: Heitman Advisory Corp., Aldrich, Eastman & Waltch Inc. (whose association with State Street Bank represents only about one-tenth of its assets) and LaSalle Advisors Inc.

The three they replaced included advisers associated with a bank (J.P. Morgan Investment, sixth a year ago, now 12th) and an insurer (John Hancock Mutual Life Insurance Co., ninth then, 14th now). Coldwell Banker Capital Management Services dropped to 15th from 10th. Eastdil and JMB Institutional Realty Corp., two other independents, are 11th and 13th, respectively.

Other than Prudential, no insurance company or bank either held its position or advanced. Prudential has more than twice as many assets under management as the next closest adviser.

Copley Real Estate Advisors, which dropped a notch, considers itself an independent adviser but presents a special case. About four-fifths of its equity assets under management are run under a contractual arrangement with its former corporate parent, New England Mutual Life Insurance Co.

Corporate Property Investors, a real estate investment trust-based adviser, was third a year ago. CPI, it should be noted, does not have only pension fund assets; roughly $500 million comes from offshore governmental entities and financial institutions and other sources.

In an attempt to gauge the flow of activity, this year *P&I Age* asked advisers to state how much in pension assets they received in new capital commitments for the year ended June 30.

Prudential, offering a mix of open- and closed-end equity and participating mortgage funds, took in the most new business, $1.2 billion. That's more than what's totally held under management by all but seven other real estate equity advisers.

Not far behind was RREEF, which went to market with three new closed-end funds and came back with nearly $900 million by June 30 (more by the time the funds close to subscriptions).

A significant difference is the size of contribution.

RREEF's new money came from 44 pension funds, an average contribution of $20.4 million. Prudential's came from 168 sources, a $6.9 million average commitment.

That's consistently a distinction between the institutionally based and independent advisers. The bank and insurance companies still might have some of the best years overall (Aetna Life Insurance Co., Equitable and CIGNA Capital Advisers this year, for example), but their economy of effort is not as good.

Aetna had an average commitment of $3.4 million for its $609.2 million in new money and Equitable had an average commitment of $4.6 million for $526.7 million. But Aldrich, Eastman is getting $32.9 million from 15 pension funds for $494 million. Jones Lang Wootton received $400 million from just one client, the Pennsylvania Public School Employees Retirement System.

Eastdil, Heitman, Goldman, Sachs & Co., TCW Realty Advisors and NCNB

Continued on page 22

Pru, RREEF lead . . .

Continued from page 21

National Bank took 11th to 15th places, respectively, in the new-business rankings. Of the Top 15, seven are not associated with an insurance company or bank.

Another operation — Goldman, Sachs' — clearly is associated with an investment banker but is a young effort with a ring of entrepreneurial independence. TCW Realty is another that was set up by a trust company, but has grown rapidly in staff after a starting core of partners was pirated away from Coldwell Banker with a lure of a good deal and independence.

In all, 90 equity managers reported $40.288 billion in assets under management (equity and hybrid debt, both received and invested and those committed but not yet handed over).

The Top 15 U.S. advisers manage nearly two-thirds of that total — $25.5 million.

In new business, 75 advisers said they received $11.279 billion during the year ended June 30 — and Prudential and RREEF had almost one-fifth of it.

Advisers whose assets under management predominantly came from foreign pension funds were not included in the rankings, which, in particular, precluded Richard Ellis Inc. and Landauer Advisors Inc.

Foreign pension fund and non-pension fund capital are minority holdings with CPI and Heitman, and, if deleted, would not have taken them out of the Top 10.

Nineteen managers reported a total of $4.078 billion of foreign pension fund capital invested in U.S. real estate. Nos. 11 to 15 were Rose Associates, Lehndorff & Babson Real Estate Counsel, Morguard Realty Advisors, Wells Fargo Realty Advisors and CIGNA.

Responses to questions about mortgages were erratic when compared with past years. This is compounded by not enough consideration being given to the multifaceted elements of insurance company general accounts, which also is apparent by the leadership in the mortgage table.

Twenty-eight managers said they run $29.8 billion in mortgages for tax-exempt investors. Nos. 11-15 were Scudder Realty Advisors, the Union Labor Life Insurance Co., Am Cal Co., Prudential and Mellon Real Estate Investment Management Corp.

Altogether, 109 firms are profiled here, including managers with money in hand and those who would like to have some, developers and deal-makers and one consultant.

A few oddities did crop up, chiefly concerning drops in assets, which are rare.

The most conspicuous was that of Equitable, whose biggest apparent change during the year was that, like Prudential, it had its real estate advisory operation spun out into a separate subsidiary, chiefly for employee compensation reasons.

A year ago, Equitable reported $2.88 billion in equity and $344 in mortgages under management. This year, it said it had $2.33 billion in equity and $291.8 million in mortgages, including $526.7 million in new commitments. ■

Top 10 real estate equity advisors

Firm	Tax-exempt assets ($ mil.)	Clients
Prudential Asset Mgmt. Co.	$6,203.7	445
RREEF Funds	2,527.3	72
Corporate Property Investors	2,400.0*	35
Equitable Real Estate Invest. Co.	2,330.5	282
Aetna Life Insurance Co.	2,097.1	427
F.I.A. Associates	1,410.0	3
Heitman Advisory Corp.	1,406.0*	7
Copley Real Estate Advisors	1,300.0	NA
Aldrich, Eastman & Waltch Inc.	950.0	23
LaSalle Advisors Inc.	950.0	31

* Includes offshore investor holdings.
Note: For this survey, equity-related investments was defined as including both equity and hybrid debt.

Top 10 new business commitments

Firm	Tax-exempt assets committed ($ mil.)	Clients committed
Prudential Asset Mgmt. Co.	$1,154.7	168
RREEF Funds	898.0	44
Aetna Life Insurance Co.	609.2	170
Equitable Real Estate Invest. Mgmt.	526.7	115
Aldrich, Eastman & Waltch Inc.	494.0	15
Jones Lang Wootton Realty Advisors	400.0	1
CIGNA Capital Advisers Inc.	389.7	NA
JMB Institutional Realty Corp.	375.0	70
Copley Real Estate Advisors	350.0	4,000
Security Capital Real Estate Corp.	340.0	48

Top 10 foreign advisors of foreign funds

Firm	Tax-exempt assets ($ mil.)
Landauer Advisors Inc.	$610.0
Richard Ellis Inc.	592.0
Schroder Real Estate Corp.	550.0
Jones Lang Wootton Realty Advisors	400.0
Loeb Partners Realty	400.0
Heitman Advisory Corp.	300.0
Alster International	250.0
Corporate Property Investors	200.0
Jacques & Kurdziel	160.0
Debenham Tewson & Chinnocks Assoc.	150.0

Top 10 mortgage advisers

Firm	Tax-exempt assets ($ mil.)
Aetna Life Insurance Co.	$13,046.3
The Travelers	6,093.4
Bankers Life	4,200.0
New England Mutual Life Insurance Co.	1,471.0
J.P. Morgan Investment	834.0
Manufacturers Hanover Investment Corp.	800.0
Victor Palmieri and Co. Inc.	340.0
Lomas & Nettleton Advisory Group. Inc.	340.0
Equitable Real Estate Investment Mgmt. Inc.	291.8
Wells Fargo Realty Advisors	278.0

Real estate file

Real Estate: Historical Returns and Risks

An article by Robert H. Zerbst and Barbara R. Cambon, in the spring edition of the Journal of Portfolio Management, published quarterly by Institutional Investor Inc., 488 Madison Ave., New York, N.Y. 10022; (212) 832-8888; $110 a year.

The risks of real estate are pointed out here, but first comes a detailed compilation and examination of seemingly every measure of real estate returns since 1947 that could be used to sell a pension fund sponsor on the investment form.

The end returns for the various indexes are as different as the time frames they cover.

With one major exception, the authors use the extensive body of data to agree with what every real estate marketer loves to preach: Real estate appears less volatile than common stocks and corporate bonds; its returns generally equaled and usually exceeded stocks, bonds, Treasury bills and the inflation rate; and they correlate most with T-bills and inflation, worst with stocks.

However, the authors gave a closer empirical examination than can come from a straight reading of statistics, which "tend to understate the actual volatility in real estate prices. When values are set by appraisals rather than transactions, they are much more stable because the appraisals are based on the long term underlying asset value."

Further, when property values decline for a little while, fewer sales and harder marketing, rather than many transactions at lower prices, result more often.

The authors conclude "true variability" in equity real estate might not be "signficantly different" from that of stocks, although the risk is measured by how it actually performs in a portfolio. For that, there's negative correlation between the two.

Perhaps the article's strongest point is its thoughtfulness in pointing out intrinsic differences between the measures, and often their individual limitations and shortcomings.

For example, for each return measure profiled, the source of data is reported.

Included as a return study is information in an article published by Ranne P. Warner and Peter C. Aldrich in 1978, which profiled the performance of one real estate portfolio between 1970 and 1976. Its data source was just 20 properties owned by "friends of authors, institutional investors, privately held REIT, developers, real estate management group of Boston Safe Deposit & Trust Co."

At one point, Mr. Zerbst and Ms. Cambon note three separate studies by Dennis G. Kelleher, R. Bruce Ricks and John McMahan each primarily was based on mortgage loan commitment data provided by the American Council of Life Insurance.

In a chart examining returns for similar time frames, Ricks' rates are drastically lower than Kelleher's.

"Ricks assumed no growth in either the operating incomes or property values over the holding period. Thus, his returns are simply capitalization rates," the authors said.

Then, they point out the real rates of return in the McMahan study are "appreciably higher" than those in other studies, and give two probable reasons for the discrepencies.

Special care also is given to real estate investment trusts. In more than one instance, the authors point out REIT returns run both higher and lower than those of commingled real estate funds due to much greater variability caused by greater sensitivity to share prices, less to underlying real estate values that change more slowly.

REITs act more like the stocks they are than real estate, they said.

The range of returns from 1947 was -6.8% to 19.5%, but if the REITs are tossed out, the range shrinks to 1% to something more than 18%.

The writers offer relief for the sponsor who tires of real estate returns always given in the nominal fashion.

For every nominal return given — and there are dozens cited from many studies and comparisons — the real rate of return has been computed and noted directly alongside.

Readings in Real Estate

A booklet published by Consolidated Capital Communications Group Inc., 1900 Powell St., Suite 1000, Emeryville, Calif. 94680; (800) 227-1870 or (415) 652-7171. 43 pages, $3.50 a copy.

This second edition lists more than 100 newsletters, magazines, journals and books, what they are and where to find them.

Befitting the publishing arm of a leading syndicator, the list has a syndication bent and a separate section on the firm's wares, but that does not detract from the general and growing breadth of the service. Publications that don't write about real estate for their main thrust, such as *Pensions & Investment Age*, are noted as such.

This is a Good Time to Sell Investment Real Estate

An article by Anthony Downs in the April issue of National Real Estate Investor; published by Communication Channels Inc., 6255 Barfield Road, Atlanta, Ga. 30328; 13 issues a year for $42.

Mr. Downs, a frequent writer and speaker on real estate and a senior fellow at the Brookings Institution, wrote professional buyers "loaded with money," in part fueled by pension funds, made "early 1984 a super time to sell one's property."

"In most markets," he continued, "the non-residential property cycle is now close to the optimal selling point." What's at work is the end of a gradual absorption phase, which follows an overbuilding phase, and the start of a development boom phase, the best time to buy.

Mr. Downs suggested anticipation of revitalized inflation is coming sooner than usual in this recovery swing of the economic cycle, so the "optimal selling point" might be forming quicker than normal in the real estate cycle.

The author identifies four factors to be considered in determining when to sell the property. The answers to two are known only to the potential seller: the economics of the property and the economic circumstances of the owner.

The other two are external considerations Mr. Downs used to come to his conclusion that now's a time to sell: the supply and demand balance for space in the marketplace and "the pressure to buy properties caused by a large and sudden increase in the amount of money available to professional real estate buyers."

But the federal deficits have encouraged the suspicion inflation will increase, so the desire for ownership of real estate as a hedge would be encouraged early in this cycle.

The real estate markets might be primed for selling despite persistent oversupplies of space, said Mr. Downs.

The professionals are people who gain fees from investing capital in property. Chiefly, he said, they're syndicators and advisory units in large insurance companies "that manage special investment accounts for pension funds. Whenever these people suddenly find themselves entrusted with big increases in funds, they are under great pressure to buy real properties quickly."

Their livelihoods are heightened by transactions and their investors want action.

"Hence these professional buyers are 'under the gun' to purchase properties soon after receiving those funds," Mr. Downs said.

Savings and loan associations also are loaded with cash, a one-time surge that should not be counted on for the long-term. The edges tax-driven syndicators have held in the marketplace are being reduced by changes in federal laws.

"Aggressive property buying by both syndicators and savings and loans was the key factor driving property prices up and yields down during 1983. It is still operating in early 1984."

Mr. Downs concluded: "There are many, many potential buyers out there willing to pay high prices because they almost *have to buy something* (Mr. Downs' emphasis)." He added a caveat: This condition is not "likely to remain in the not-to-distant future as it is today."

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Abacus Realty Advisors Inc.

1 Post Office Square, Boston, Mass. 02109; (617) 542-5920

Abacus has $60 million in tax-exempt assets in equity-related investments: $20 million in equity and $40 million in hybrid debt.

Abacus has six direct separate accounts, all union funds, including the Massachusetts Carpenters, Laborers and Operating Engineers; Local 675 Operating Engineers; Nashville Building Trades; and New York Hotel Workers.

The adviser invests in institutional-quality developmental projects.

Consulting services are offered.

Evan Weston, vice president, is the client contact in Boston; Thomas J. Steel, executive vice president, is the contact in Chicago at (312) 346-9172.

Acquest Capital Management

300 E. Long Lake Road, Suite 280, Bloomfield Hills, Mich. 48013; (313) 645-5130

Acquest reported $16 million in new business was committed by three clients in the year ended June 30.

Overall, the adviser has $34 million under management in real estate: $26.3 million in equity-related instruments ($14.1 million in equity, $12.2 million in hybrid debt) and $7.7 million in mortgages. It is all reported invested at those amounts. No financing is used.

Acquest has five separate account clients, four corporate pension funds and one union. They include Dow Chemical, Operating Engineers Union and the Rank Organization of London.

The adviser also offers closed-end real estate funds and consulting.

It invests 40% in existing properties and 60% in developmental ones. Property types used are office and light industrial buildings, retail and hotel.

In the next year, Acquest plans to offer major institutional clients the option of direct investment in development projects with a major U.S. construction company with which it is associated.

Client contacts are David G. Ong and James E. Gorman.

Aetna Life Insurance Co.

151 Farmington Ave., Hartford, Conn. 06156; (203) 273-3482

Aetna reported 170 clients committed $609.2 million in new business for the year ended June 30. The firm has $2.1 billion in equity-related real estate under management: $1.5 billion in equity (of which all but $107.2 million has been taken in from clients) and $583 million in hybrid debt. Aetna has another $13.1 billion in mortgages.

The adviser carries just $41.1 million in financing on its investment properties. It has $175 million in commitments from foreign investors. The market value of Aetna's investment property was reported as the same amount as under management.

Aetna has 427 tax-exempt clients, up 37 from 1983: 322 corporate, 62 public and 43 union funds. There are 423 in commingled funds and four in individually managed accounts.

Aetna invests in existing industrial properties, retail, multifamily housing, office buildings, office/research and development properties and hotels.

Its diversified open-end fund manages $1.4 billion for 195 participants. The open-end participating mortgage pool runs $547.5 million for 192 pension funds.

The open-end equity-oriented mortgage fund for union-built properties has $35.5 million from 23 clients. A closed-end equity account has $111.8 million from 13 participants.

A second closed-end equity fund is open for commitments, and Aetna plans to offer a third during the coming year. Aetna also offers consulting services.

Stephen LeLaurin, manager, is the client contact.

AgriVest Inc.

500 Winding Brook Dr., P.O. Box 996, Glastonbury, Conn. 06033; (203) 659-3711

AgriVest continues to market for its first tax-exempt client. It has two taxable clients, an individual and the assets of its former corporate parent, Connecticut Mutual Life Insurance Co.

The two committed $30 million during the year ended June 30. The adviser, which invests solely in agricultural property, manages $47 million in equity, $20 million in hybrid debt and $460 million in mortgages.

The amount given over in equity is fully invested at a market value of $60 million. Market value on the other capital is the same as the managed amount.

AgriVest plans to act as an asset manager for a commingled fund trusteed by another institution.

Client contact is James B. McCandless.

Aldrich, Eastman & Waltch

1 Post Office Square, Boston, Mass. 02109; (617) 542-9300

Aldrich, Eastman reported 15 clients committed $494 million in new business for the year ended June 30.

The firm has $950 million under management in real estate equity and hybrid debt, of which $427 million is still committed. Market value of investments to date is $466 million. Financing worth $554 million has been used.

The firm has 23 tax-exempt clients, up six from 1983: 21 corporate funds, one union and one foundation or endowment. Fourteen clients are in two closed-end funds that Aldrich, Eastman advises on behalf of State State Bank and Trust Co. and one it manages itself; nine are in separate accounts.

Clients include General Motors and Digital Equipment.

The two pooled funds, which are trusteed and managed by State Street Bank, are the same ones reflected in the bank's profile.

Assets are 80% invested in existing properties and 20% in developmental ones. The adviser uses all commercial income-producing property types, including industrial, shopping centers, office buildings and multiuse complexes.

The first State Street pooled fund took in $50 million from five clients, the second $60 million from eight. Aldrich, Eastman also formed a $100 million closed-end fund for nine institutions that is a convertible surbordinated debenture covertible to a 50% interest in The Westcor Co., a major Phoenix developer.

During the next year, Aldrich, East-

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man plans to be involved in the third State Street Bank fund that will be offered and itself will offer a second convertible-subordinated debenture fund and possibly a real return mortgage fund.

Joseph F. Azrack, principal, is the client contact.

Alster International

111 E. 65th St., New York, N.Y. 10021; (212) 288-9420

Alster reported $70 million in new business from two clients for the year ended June 30. Including these commitments, the firm has $250 million under management in real estate equity, all from foreign pension sources. It has used $70 million in financing.

Alster's three corporate pension fund clients are in individually managed accounts and include KLM Royal Dutch Airlines. The adviser also offers consulting services.

Alster invests in existing office and retail properties.

Henri Alster, president, is the client contact.

AMB Investments

4 Embarcadero Center, Suite 3580, San Francisco, Calif. 94111; (415) 956-5100

AMB, formerly Abbey, Moghadam & Co. Inc., reported one client committed $30 million during the year ended June 30.

AMB offers direct account investment management and consulting services.

It invests in office buildings, shopping centers and industrial/research and development properties.

Douglas Abbey, president, is the client contact.

Am Cal Co.

4737 Lankershim Blvd., North Hollywood, Calif. 91602; (818) 763-6206

Am Cal received $100 million in new commitments from seven clients for the year ended June 30.

The firm has $250 million in tax-exempt assets under management: $40 million in equity (of which $26 million is committed) and $210 million in mortgages ($140 million committed). Market value on equity investments is $48 million and on the mortgages, $250 million. No financing is carried.

The firm has seven tax-exempt clients: one corporate pension fund, two public and four union funds. They include the Missouri State Employees' Retirement System, Hawaii Masons Pension Fund, Carpenters Pension Trust for Southern California, Southern California Development Foundation and Pacific Van Lines.

The firm's tax-exempt assets are 25% invested in existing properties and 75% in development properties.

Am Cal invests in commercial income-producing properties, apartments, condominiums, hotels, motels and residential tracts. Am Cal also offers consulting services.

In the coming year, it plans to develop a real estate comparison standard and offer investment advisory services to trust deparments.

S. Q. DellaGrotta, executive vice president, is the client contact.

American Agricultural Investment Management Co. Inc.

2603 W. 22nd St., Suite 17, Oak Brook, Ill. 60521; (312) 654-6816

American Agricultural manages $11 million in real estate equity, which is also the market value of its holdings. It carried $1 million in financing.

American Agriculatural has two corporate pension fund clients, reported as Owens-Illinois and Teamsters Affiliates. The firm manages $9 million for foreign investors.

It invests solely in productive farmland. The firm has two closed-end group trusts completed, and is marketing a third, which will remain open until June 30, 1985, or until $50 million is committed. American Agricultural also offers separate account management.

The client contact is H. Joseph Bourn, executive vice president.

Angeles International Advisors Inc.

10301 W. Pico Blvd., Los Angeles, Calif. 90064; (213) 277-4900

Angeles International, a recently formed subsidiary of the Angeles Corp., manages real estate investment portfolios for U.S. tax-exempt clients and foreign institutions. It invests in existing apartment, office building and shopping center properties, but offers no information on assets or clients.

Its services include consulting, individual account management, limited partnerships and closed-end commingled funds.

A long-time syndicator, Angeles has sponsored limited partnerships with investments carrying a book value of $400 million and a market value of $700 million.

Angeles said it is developing a closed-end group trust to make or acquire participating mortgages.

Mark W. Gibello, president, is the client contact.

b

The Bankers Life

711 High St., Des Moines, Iowa 50307; (515) 247-5111

Bankers Life, which solicits from a broad network of small corporate and other retirement accounts, reported 1,000 tax-exempt clients committed $145 million in new business for the year ended June 30.

The firm manages $83 million in real estate equity and $4.2 billion in mortgages. It used $2 million in financing.

The mortgages are held in the firm's general account, which is supplied by about 70% corporate pension funds and similar retirement funds and about 30% individual retirement accounts and other tax-exempt vehicles for individuals.

Bankers Life managed an open-end equity real estate fund that has $18 million in net assets from 121 tax-exempt clients.

Bankers Life reported 14,000 tax-exempt clients in its commingled fund, including 10,000 corporate pension funds, 450 public and 250 union.

Bankers invests in existing office buildings, shopping centers and industrial and residential properties.

The insurer also offers individual account management.

Dan J. Fitzgerrell, director-pension operations, is the client contact.

Bank of America Investment Real Estate

180 Montgomery St., Suite 2300, San Francisco, Calif. 94104; (415) 622-3960

Bank of America reported 47 clients committed $15.1 million in new business for the year ended June 30.

The firm manages $152.3 million: $146.3 million in equity and $6 million in hybrid debt. Book value of equity assets invested was $114.7 million and market value $128.3 million. Financing valued at $18.5 million has been used. The firm also has invested $152.3 million for foreign investors.

The firm has 203 corporate clients, 201 in a $100 million open-end commingled fund and two in direct separate accounts.

Assets are invested in existing office buildings, shopping centers, light industrial buildings and research and development facilities.

Bank of America has government approval to start a closed-end pooled fund.

Also, it plans to become more aggressive in marketing the fund/partnership concept to bring two or more funds together in a partnership for direct purchase of properties.

Jack Cooper, vice president and manager, is client contact.

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17 Battery Place New York, New York 10004 (212) 742-6557

Bank One Trust Co.
100 E. Broad St., Columbus, Ohio 43271; (614) 463-5676

All $9.6 million of real estate assets under management by Bank One Trust are in its open-end real estate fund, which serves 80 corporate pension fund clients including Lancaster Colony, Rax Restaurants, W.W. Williams and Worthington Industries.

The trust company reported new business of $1.8 million from 11 clients for the year ended June 30, although the total amount of clients dropped by eight from the previous year.

All assets are invested, and the bank carries $4.1 million in financing on its properties.

Bank One invests in existing commercial and industrial properties in the $1 million to $3 million range, including office buildings, business centers and multitenant warehouse structures.

It also makes available direct account investment management.

Client contact is Donald W. Kennedy, assistant vice president.

The Boston Co. Real Estate Counsel Inc.
1 Boston Place, Boston, Mass. 02106; (617) 722-7190

The Boston Co. manages $458 million in hybrid debt that has a market value of $493 million. Financing valued at $118 million has been used.

The adviser has seven corporate pension funds and one public in direct, separate accounts. They include the Teacher Retirement System of Texas, Owens-Illinois and Schering-Plough.

Assets are 90% invested in existing properties and 10% in developmental ventures.

Property types used include office buildings, industrial and retail properties and hotels.

Robert A. Radloff, president, is the client contact.

Alex. Brown Realty Advisors
5-7 N. Calvert St., Baltimore, Md. 21202; (301) 727-3884

Alex. Brown had $200 million in new business committed for the year ended June 30 from its two pension fund clients, the Oregon Public Employees Retirement System and the Teacher Retirement System of Texas.

Including these commitments, Alex. Brown has $450 million under management, all in hybrid debt. The adviser offers direct separate account investment management.

Alex. Brown invests in existing office and industrial buildings and hotels.

George W. Browne, president, is the client contact.

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12201 Merit Street, Suite 980
Dallas, TX 75251 (214) 386-5677

Cambridge Realty Capital
55 W. Monroe, Chicago, Ill. 60603; (312) 853-2914

One-year-old Cambridge became registered as an investment adviser with the Securities and Exchange Commission in June.

It is negotiating with stock and bond investment advisers on forming joint venture relationships and will market to the pension fund community. It will offer a contrarian real estate investment strategy.

Jeffrey A. Davis, managing principal, is the client contact.

Chase Investors Management
1211 Avenue of the Americas, New York, N.Y. 10036; (212) 730-3760

Chase has $61 million in equity-related real estate under management in a commingled fund. This includes market value of $8.2 million in equity real estate and $20.8 million in hybrid debt; plus another $32 million in cash and short-term instruments, of which $13.6 million has been committed to equity properties and $7 million to hybrid debt.

Chase also has $1.1 billion (gross property asset value) invested for offshore clients in U.S. property, none of which is for foreign pension funds.

Chase has seven corporate pension funds in its pooled fund, including General Motors, Celanese and the Chase Manhattan Bank.

The pool is a combination open- and closed-end fund, by which participation is cut off once assets reach $150 million. About a dozen major metropolitan areas are considered for property acquisition.

Existing office buildings and research and development business parks are used; regional shopping centers, multi-family residential properties and joint venture developments might be used as the fund grows.

Henry W. Haunss Jr., vice president, is the client contact.

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Chemical Bank
277 Park Ave., New York, N.Y. 10172; (212) 310-6212

Chemical Bank has $44.3 million under management from eight corporate and two union pension funds, all in its open-end equity real estate fund.

A year ago, the bank reported $46 million in net assets and no new business was listed for this year. Clients include the Chemical Bank retirement plan, Barnes Group, Avco Corp., Shulton, American Hoechst and Warner Lambert.

Of the $44.3 million in the fund, the $34 million invested in equities carries a market value of $35.1 million; the $300,000 in mortgages have a market value of $500,000, and the $11 million in hybrid debt is valued at $12.2 million.

Chemical Bank is carrying the $12.4 million balance in cash instruments and financing of $12.1 million. Gross value before mortgages is $60.2 million.

All investments are in existing shopping centers, office buildings and warehouses.

For the open-end fund, it offers an opportunistic investment approach based on market selection, which last year meant middle market cities, now shifting to selected regional centers.

In addition to the open-end fund, the bank offers consulting and direct account management.

Chemical Bank manages [illegible] million for foreign investors, up [illegible] million from a year earlier.

Client contact is Anne G. Shean, vice president.

Chestertons
30 Rockefeller Plaza, Suite 1929, New York, N.Y. 10112; (212) 765-1540

Chestertons, a U.K.-based real estate firm, is gearing up to market its direct advisory and consulting services in the United States, probably by the first quarter of 1985.

It has two tax-exempt U.K. clients investing in U.S. property, one a corporate fund, and Deansbank Investments Inc., the U.S. investment subsidiary of the Church of England.

These clients committed $45 million for the year ended June 30.

Overall, Chestertons reports $95 million under management in real estate equity and $40 million in hybrid debt. Of the $40 million invested in equity, market value of the investments was $42 million; of the $20 million already contributed for hybrid debt, market value was $24 million. The properties had $7 million in financing.

Chestertons invests 75% in existing properties and 25% in developments. Property types include office buildings, research and development properties, warehouses and regional malls.

Client contact is James J. Brinkerhoff, partner.

CIGNA Capital Advisers Inc.
950 Cottage Grove Road, Hartford, Conn. 06152; (203) 726-3634

Fostered by activity in two new closed-end funds and a direct separate account, CIGNA registered $389.7 million in new business for the year ended June 30, raising to $571 million its tax-exempt assets under management.

The open-end account for ERISA funds holds $302 million garnered from 320 clients (286 corporate funds, 22 public and 12 union). The closed-end fund for ERISA plans has $50 million from three clients and is about half invested following the strategy for fully leased properties.

Another closed-end fund, targeted to foundations and endowments, has taken in $52 million and has commitments for another $75 million, from 10 clients. Another $43 million is run for foreign pension funds in a commingled account.

In addition to 330 clients in commingled funds, CIGNA lists one separate account worth $50 million..

CIGNA invests totally in existing properties, including retails, industrial, apartments, office buildings, agribusiness properties and in some cases hotels.

CIGNA is considering a participating mortgage account and specialty closed-end funds for the coming year.

Thomas John, vice president for sales, is the client contact.

Citicorp Real Estate Investment & Management
153 E. 53rd St., New York, N.Y. 10043; (212) 559-1709

Citicorp reported $600 million under management in real estate equity, a $100 million increase from a year ago. It carries $250 million in financing on its investment properties. Citicorp also has invested $2 billion is U.S. real estate on behalf of foreign investors.

The adviser has 48 clients in commingled funds and six separate accounts. It offers open- and closed-end funds, and is marketing its second closed-end pool for participating first mortgages, which has $40 million in commitments.

Citicorp invests in existing income-producing commercial real estate.

Client contact is John W. Kemble.

Coldwell Banker Capital Management Services
533 Fremont Ave., Los Angeles, Calif. 90071; (213) 613-3123

Coldwell Banker has $580 million in real estate equity assets and $72.2 million in hybrid debt; book value of those assets is $479 million and $65.1 million, respectively.

Of the $652.2 million in assets, $447.4 million is in six closed-end funds. Financing on the properties totals $60 million.

In the past year, Coldwell successfully liquidated its first closed-end fund, the first real estate manager to do so, and is in the process of raising capital for the eighth, scheduled to close Dec. 1.

Of the 39 tax-exempt clients, 35 are in the commingled funds and four are in direct, separate accounts. There are 31 corporate pension funds, four public, one union and three foundation and endowments, and include AT&T, ITT, Alcoa, the City of San Francisco and the Edna McConnell Clark Foundation.

Coldwell invests 70% in existing properties and 30% in developmental projects. Office buildings, industrial and retail are the target property types.

Client contact is James G. Nugent, senior vice president, 437 Madison Ave., Suite 420, New York, N.Y. 10022; (212) 207-6120.

Copley Real Estate Advisors
535 Boylston St., Boston, Mass. 02116; (617) 578-4900

Copley reported $350 million in new commitments on the year ended June 30 from 4,000 clients. In all, it managed $1.3 billion of tax-exempt assets in real estate equity, the market value

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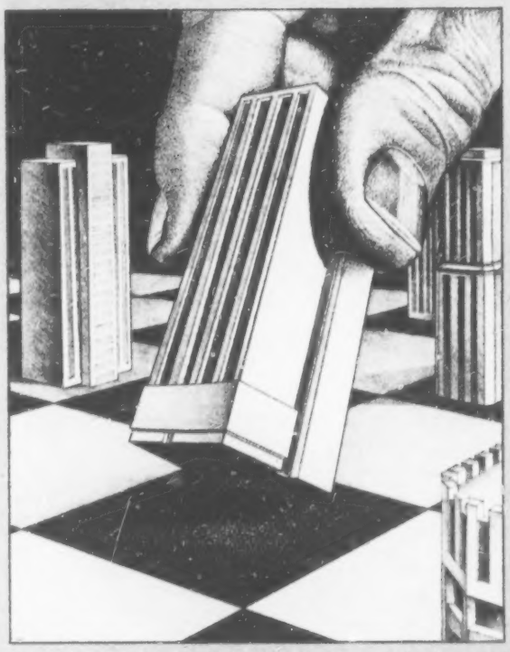

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The nationwide capabilities of The Prudential Realty Group means it has the local contacts to put together strong leasing programs. And the likelihood is that one of the many regional offices will recognize and act on attractive real estate deals before other competitors do.

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To make that move, contact Jim Gately, Senior Vice President, The Prudential Asset Management Company, Inc., 19 Prudential Plaza, Newark, NJ 07101, (201) 877-3735.

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of property investments. Book value on those investments is $263 million; financing carried is $518 million.

A substantial amount of Copley's assets under management is derived from equity investments out of New England Mutual Life Insurance Co.'s general account, which Copley manages under contract as a separate commingled fund.

Copley also has two commingled funds of its own. An open-end group annuity trust has invested $80 million of the $82 million committed from 60 clients. Investments are made in developmental joint ventures. About two-thirds of the assets are in existing properties.

A closed-end limited partnership, still open for subscriptions, has invested $220 million of $300 million committed from six clients. New England Life committed eight existing properties for half the value of the fund. Cash contributions are used to invest in developmental joint ventures.

Virtually all new investments are in developmental joint ventures. About 75% of the portfolio is in existing properties. Types used include office buildings, industrial and research and development properties, hotels and residential property.

Clients include Boston Edison, National Fuel Gas, New England Light, Penn Power and Light Co., Frank Russell Trust Co. and the Southland Corp.

Copley also offers direct separate account management.

John C. Phillips Jr., vice president, is the client contact.

Corporate Property Investors

305 E. 47th St., New York, N.Y. 10017; (212) 421-8200

Corporate Property Investors took in $150 million in new capital from 15 clients during the six-month period ended Aug. 15.

The real estate investment trust put total assets under management at $2.4 billion. Of that, $1.85 billion is in real estate equity and $350 million in mortgages.

One CPI-managed REIT holds $1.4 billion. The firm also manages specialized partnerships, including one for the AT&T pension fund and one that holds an option to buy the General Motors building in New York.

CPI has 35 tax-exempt clients among the REIT shareholders: 30 corporate pension funds, two public funds and three foundations and endowments. They include AT&T, the Ford Foundation, Exxon, Pennsylvania Public Employee Retirement System and U.S. Steel.

Of the $250 million invested in the REIT from foreign sources, $200 million is from foreign pension funds.

CPI invests 95% in existing properties and 5% in development projects. Regional shopping centers and major office buildings are its property types.

Client contact is Warren Hamer, shareholder relations.

Crocker Real Estate Investment Group

44 Montgomery St., Suite 2110, San Francisco, Calif. 94104; (415) 477-8555

Crocker reported $24.5 million in new business from three clients for the year ended June 30.

The group has $192.6 million under management for real estate equity, including an open-end commingled fund that holds $86 million for 230 corporate pension fund clients.

Of its four separate accounts, two are corporate funds, one is a public fund and one is a foundation or endowment.

The Crocker client list includes Eastern Air Lines, Atlantic Richfield Co. and the Contra Costa County (Calif.) Employees Retirement Association. The group also has invested $9.2 million for foreign clients.

Crocker put a $192.5 million market value on its equity real estate investments, which had a book value of $165.9. The group also holds $6.7 million in mortgages and is carrying $1.2 million in financing on its properties.

The group has 90% of its investments in existing properties and 10% in developmental properties. The property types it prefers are office buildings, office/warehouse properties, warehouse/distribution centers, research and development properties and shopping centers.

In addition to the open-end fund and direct accounts, Crocker also offers consulting services and plans to start up a closed-end fund with diverse investment criteria in the coming year.

N. Anthony Dann, vice president, is the client contact.

Pensions & Investment Age's annual survey of the chief investment officers at the 500 largest investment institutions on the quality of Wall Street research will be published in the Sept. 17 issue.

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Debenham Tewson & Chinnocks Associates

450 Park Ave., Suite 1902, New York, N.Y. 10022; (212) 758-8218

Debenham Tewson has invested $200 million in U.S. real estate for foreign investors, of which $150 million is for pension funds.

Timothy M. Redfern is the client contact.

Dodge & Cox Inc.

1 Post St., Suite 3500, San Francisco, Calif. 94104; (415) 981-1710

Dodge & Cox said two clients committed $12 million in new business for the year ended June 30.

The firm manages $27 million in hybrid debt. Of the $19.7 million book value on investments, market value is $20.3 million.

The firm has two corporate clients in closed-end real estate funds. They are American Express and Kaiser Aluminum & Chemical Corp.

Assets are 75% invested in existing properties and 25% in developmental projects. The firm uses office and retail properties in the West.

Dodge & Cox is marketing its third closed-end pool, with closing anticipated this fall.

Client contact is Harry R. Hagey.

e

Eastdil

40 W. 57th St., New York, N.Y. 10019; (212) 397-2763

Eastdil reported seven clients committed $325 million in new business for the year. The adviser has $855 million under management in real estate equity ($325 million outstanding) and $120 million in mortgages.

The firm has 11 clients, seven in a closed-end fund and four in a direct separate account. They include AT&T and the California State Teachers Retirement System.

Eastdil invests 45% in existing property and 55% in developmental projects. It uses industrial buildings, office buildings and shopping centers.

The commingled fund is a limited partnership that has $50 million in commitments and plans to begin investing this month. The partnership will acquire and lease back multipurpose corporate real estate on an unleveraged basis while assuming a limited equity position in the corporation.

Eastdil also offers consulting services.

Donald E. Conover, vice president, is the client contact.

Richard Ellis Inc.

350 Park Ave., 20th Floor, New York, N.Y. 10022; (212) 355-4810

For the year ended June 30, Richard Ellis [illegible] $177.1 million in new business came from three separate account clients and its open-end commingled fund, which has 51 participants.

The firm manages $805 million in equity-related assets: $770 million in real estate equity (all but $121 million has been received by the adviser) and $35 million in hybrid debt (of which $25 million is committed).

Book value on equity investments is $636.6 million, market value $649 million; book value on hybrid debt is $10 million and market, $15 million. Financing worth $178 million has been used.

Richard Ellis has made $615.1 million worth of investments in U.S. real estate for foreign investors, of which $592 million is for pension funds.

The firm has 55 clients, four in separate accounts. They are 45 corporate pension funds and 10 public. Clients include Imperial Group, Electricity Supply, Barclay Banks, British Rail, British Steel, Rolls Royce and Rank Xerox.

Assets are 84% invested in existing properties and 16% invested in development projects. The adviser uses office buildings, regional shopping centers and office/industrial parks.

Richard Ellis' $270 million U.K.-American Properties Inc. is the open-end pool that invests in U.S. property for 51 U.K. pension funds. Ellis also offers consulting services, portfolio and property management, valuations, development supervision and leasing.

Graham J. Bond, senior vice president, is the client contact.

Equitable Real Estate Investment Management

1285 Avenue of the Americas, New York, N.Y. 10019; (212) 554-4213

Equitable reported 115 clients committed $526.7 million in new business for the year ended June 30.

The firm manages $2.6 billion in tax-exempt assets: $2.3 billion in real estate equity (all but $320 million has been received by the adviser) and $291.8 in mortgages.

Market value of equity investments is $2.01 billion on book value of $1.4 billion; mortgages, which include construction loans receivable of $179.7 million, have a market value of $291.8 million and book value of $291.8 million. Financing worth $319.1 million has been used.

U.S. property investments valued at $500 million have been made for foreign investors.

Equitable has 282 clients: 278 in commingled funds and four separate accounts. They are 253 corporate pension funds, 17 public and 12 union, and include Colgate Palmolive, RCA, Exxon and Idaho.

The adviser invests in industrial properties, office buildings, retail, hotels and research and development facilities.

The diversified open-end account No. 8 has $2.5 billion from 278 clients, invested in 246 properties. The more opportunistic closed-end account No. 16I has $46 million, six clients and eight investments.

The second closed-end account, No. 16II, is being marketed with a $30 million to $100 million target.

Joyce R. Frater, vice president, is the client contact.

Equitec Institutional Realty Advisers Inc.

7677 Oakport St., Oakland, Calif. 94614; (415) 430-9900

Equitec reported three clients committed $25 million in new business during the year ended June 30. The adviser has invested that in equity real estate with a market value of $50 million. Financing valued at $25 million was used.

The three clients are corporate pension funds in Equitec's first closed-end fund. They include Nalco Chemical and K mart Corp.

Equitec invests in existing income-producing office buildings. The closed-end fund also calls for industrial buildings, business parks and shopping centers.

During the next year, Equitec plans to open another closed-end equity fund, and possibly a fund for endowments. Client contact is Don Jackson.

f

F.I.A. Associates Inc.

2045 Hallmark Dr., Suite 4, Sacramento, Calif. 95825; (916) 920-4051

F.I.A. reported three clients committed $209 million in new capital on the year ended June 30.

The firm manages $1.4 billion in tax-exempt assets: $571 million in equity and $839 million in mortgages.

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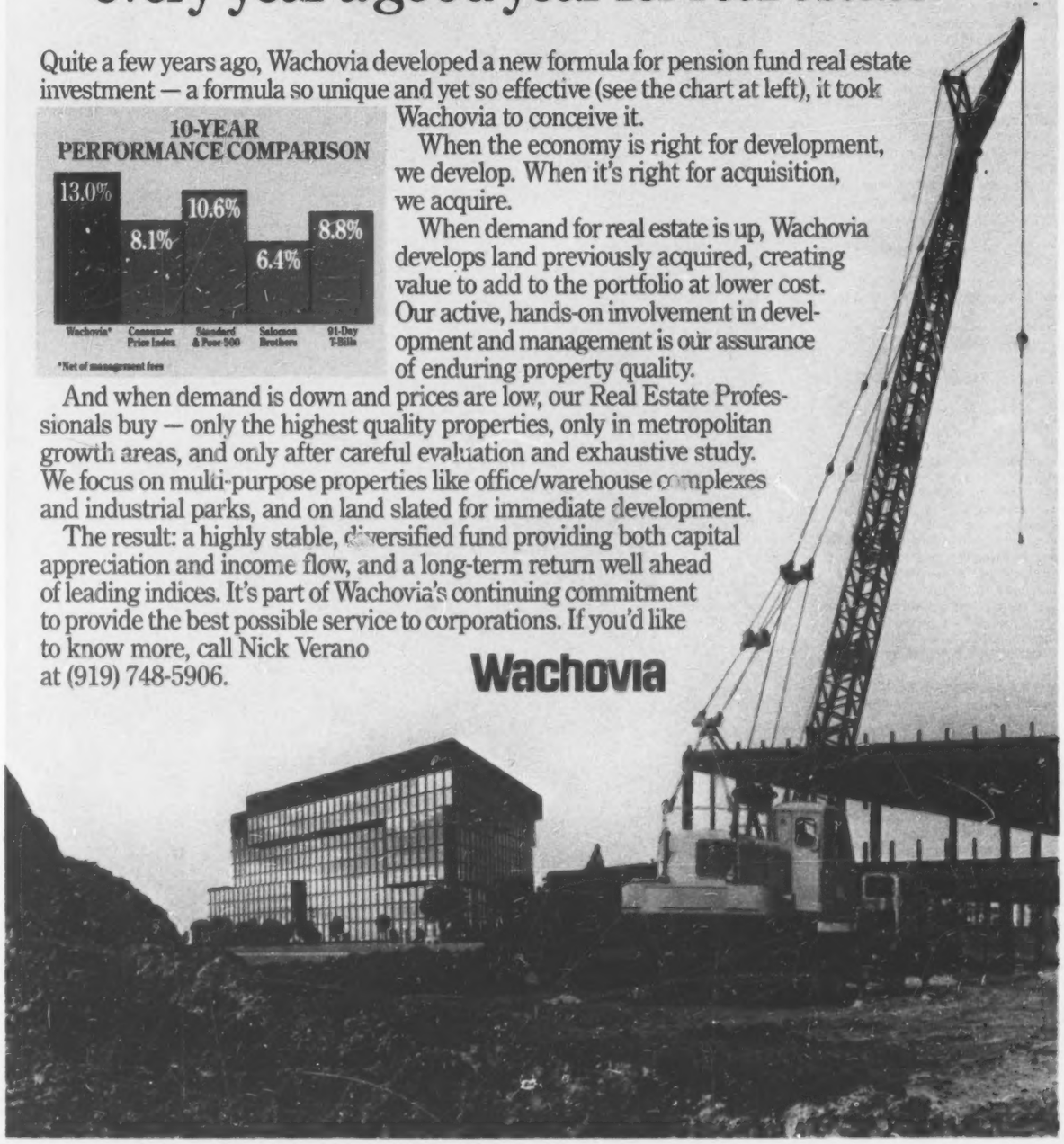


Book value of equity investments is $495 million; book value of mortgages is $238 million. No financing has been used.

F.I.A. has three public pension fund clients with which it has on-going advisory relationships: the California Public Employees Retirement System, the Utah State Retirement Office and the Teacher Retirement System of Texas. The firm also has other clients for which it provides consulting and advisory services from time to time. These include the Ohio State Teachers Retirement System and the Commonwealth of Kentucky Teachers Retirement System.

Assets are 85% invested in existing properties and 15% in developmental ventures. Property types include industrial sites, office buildings, shopping centers, free-standing retail properties and hotels.

F.I.A. is marketing its first closed-end fund and has $55 million in commitments from two clients with "strong indications" from four others. The ceiling is $200 million and it will close by Dec. 31. A second fund will be marketed soon after the close of the first.

H. James Griggs, president, is the client contact.

Fidelity Bank

123 S. Broad St., Philadelphia, Pa. 19109; (215) 985-8299

Fidelity reported one client committed $100 million in new capital during the year ended June 30.

The bank reported it manages $1.15 billion in tax-exempt assets: $600 million in real estate equity and $550 million in mortgages. The equity has been invested at a market value of $650 million.

The firm has one corporate and one public pension fund in direct, separate accounts.

Assets are 20% invested in existing properties and 80% in developmental projects. Property types include general purpose office buildings, retail shopping centers and industrial properties.

Fidelity also offers consulting services and plans to offer a closed-end commingled fund in September 1984.

Richard B. Goldbeck, vice president, is the client contact.

Fiduciary Trust Co. of New York

2 World Trade Center, New York, N.Y. 10048; (212) 466-4100

Fiduciary Trust reported $100 million in new business was committed during the year ended June 30. The firm manages $350 million in equity real estate.

It reported one public pension fund client, invested in a commingled fund. It invests in pooled real estate funds.

Fiduciary Trust also offers consulting services. During the next year, it plans to develop a pooled fund for offshore pension funds.

Client contact is Alan Steinkamp.

First Asset Realty Advisors

First Bank Place, Minneapolis, Minn. 55402; (612) 370-4729

First Asset reported one client committed $5 million in new capital during the year ended June 30.

The firm has $26.3 million to manage in real estate equity. Book value on the investments thus far is $17.9 million, market value is $20.2 million. Financing used totals $4.3 million.

The adviser has four corporate pension fund clients in its open-end commingled fund. It invests in existing retail and industrial properties and office buildings.

First Asset also offers individual account management.

Charles S. Ingwalson, president, is the client contact.

First Chicago Investment Advisors

3 First National Plaza, Suite 0119, Chicago, Ill. 60670; (312) 732-7641

First Chicago reports $113 million in new capital commitments from 21 pension fund clients on the year ended June 30.

In all, the adviser has $500 million under management in real estate: $496 million in equity (all but $14 million has been received) and $4 million in mortgages.

Of the $437 million book value on the equity, market value is $523 million. Market value on the mortgages is put at $5 million. Financing worth $7 million was used on the properties.

The firm also invests $160 million in the U.S. real estate for foreign investors.

First Chicago has 129 clients: 121 in its two commingled funds and eight separate accounts. They break down to 119 corporate pension funds, seven public, two union and one foundation or endowment. They include Westinghouse, Valero Energy, Northern Indiana Public Service, Illinois and San Diego County.

The adviser's diversified open-end Fund F has $411 million in assets and its closed-end fund, which invests only in apartments, has $55 million.

Overall, First Chicago invests in existing office buildings, industrial, retail and residential properties, and apartments.

In the next year, the firm plans to introduce a second specialty closed-end fund.

J. William Baker, vice president, is the client contact.

Endowments and foundations will be spotlighted in the Oct. 15 issue.

First Equities Institutional Properties Inc.

6201 Powers Ferry Road, Suite 500, Atlanta, Ga. 30339; (404) 952-1500

First Equities acquired $40 million in new business from three clients for the year ended June 30, bringing assets under management to $81 million. That is all invested, at a market value of $109. No financing is used.

The firm has six separate-account clients: five corporate pension funds and one public.

It also offers consulting services.

First Equities invests in existing office buildings, business parks, shopping centers, light industrial properties and apartments.

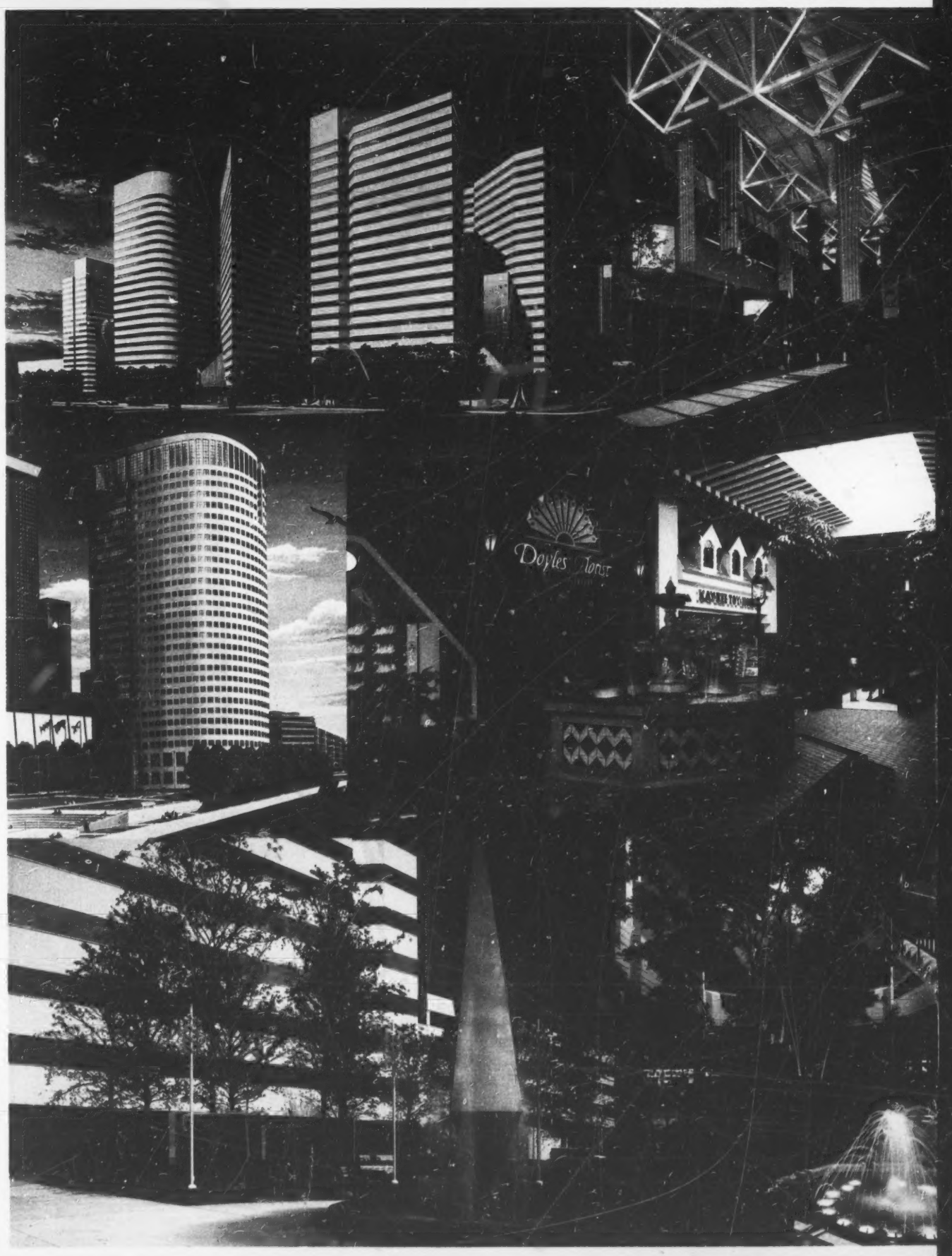
In the coming year, the firm plans to form and market a group of complementary funds in existing property offering diversified investment opportunity and blended returns to pension investors, and will expand its separate account business to include joint venture developments.

Paul H. Saylor, executive vice president and managing director, is the client contact.

The First National Bank of Boston

100 Federal St., Boston, Mass. 02110; (617) 434-4560

First National has $232 million under management in real estate equity in its open-end fund. Financing worth $8 million has been used.



The fund has about 200 clients — three public pension funds, five union, the remainder corporate — including Raytheon, Western Airlines, Bechtel Power and Pickands Mather.

It invests in existing commercial, industrial and retail property.

Peter F. Tague, III, first vice president, is the client contact.

First Wisconsin Trust Co.
777 E. Wisconsin Ave., P.O. Box 2054, Milwaukee, Wis. 53201; (414) 765-4844

First Wisconsin reported 28 clients committed $3.6 million in new business for the year ended June 30.

The firm manages tax-exempt assets totaling $5 million in real estate equity, of which all but $500,000 has been received by the trust company. Market value of investments is $1.82 million.

The firm has 30 corporate pension funds in its open-end commingled fund. The pool is totally invested in existing property: 40% office buildings, 38% retail and 22% light industrial property.

First Wisconsin also offers separate account investment management and consulting services.

Earl D. Lillydahl, vice president, is the client contact.

The annual brokerage research poll will be published Sept. 17.

g

Goldman, Sachs & Co.
85 Broad St., New York, N.Y. 10004; (212) 902-5628

Goldman, Sachs reported new business of $313 million from its 10 clients on the year ended June 30. In all, the firm has $388 million under management for real estate equity. Of the $150 million it has received from clients, $73.4 million has been invested, with a market value of $76.3 million. Financing worth $4 million has been used.

Of the 10 clients, seven are in Goldman's $150 million open-end group trust and three are separate accounts. Four are corporate pension funds, five are public and one is a union.

Goldman invests in existing office buildings, shopping centers and industrial warehouse buildings.

John L. Griffith Jr. vice president-marketing, is the client contact.

Grubb & Ellis Co.
1333 Broadway, Suite 900, Oakland, Calif. 94612; (415) 839-9600

Grubb & Ellis received $89 million in new business from its four separate-account clients through the year ended June 30.

Assets under management total $296 million: $182 million in equities and $114 million in hybrid debt. Grubb reports $90 million invested in equity real estate with a market value of $112 million, and $54 million in hybrid debt with a $69 million market value (a total of $140 is committed and not yet received). Grubb carries just $1.78 million in financing on its properties.

The firm also has invested $30 million for foreign investors.

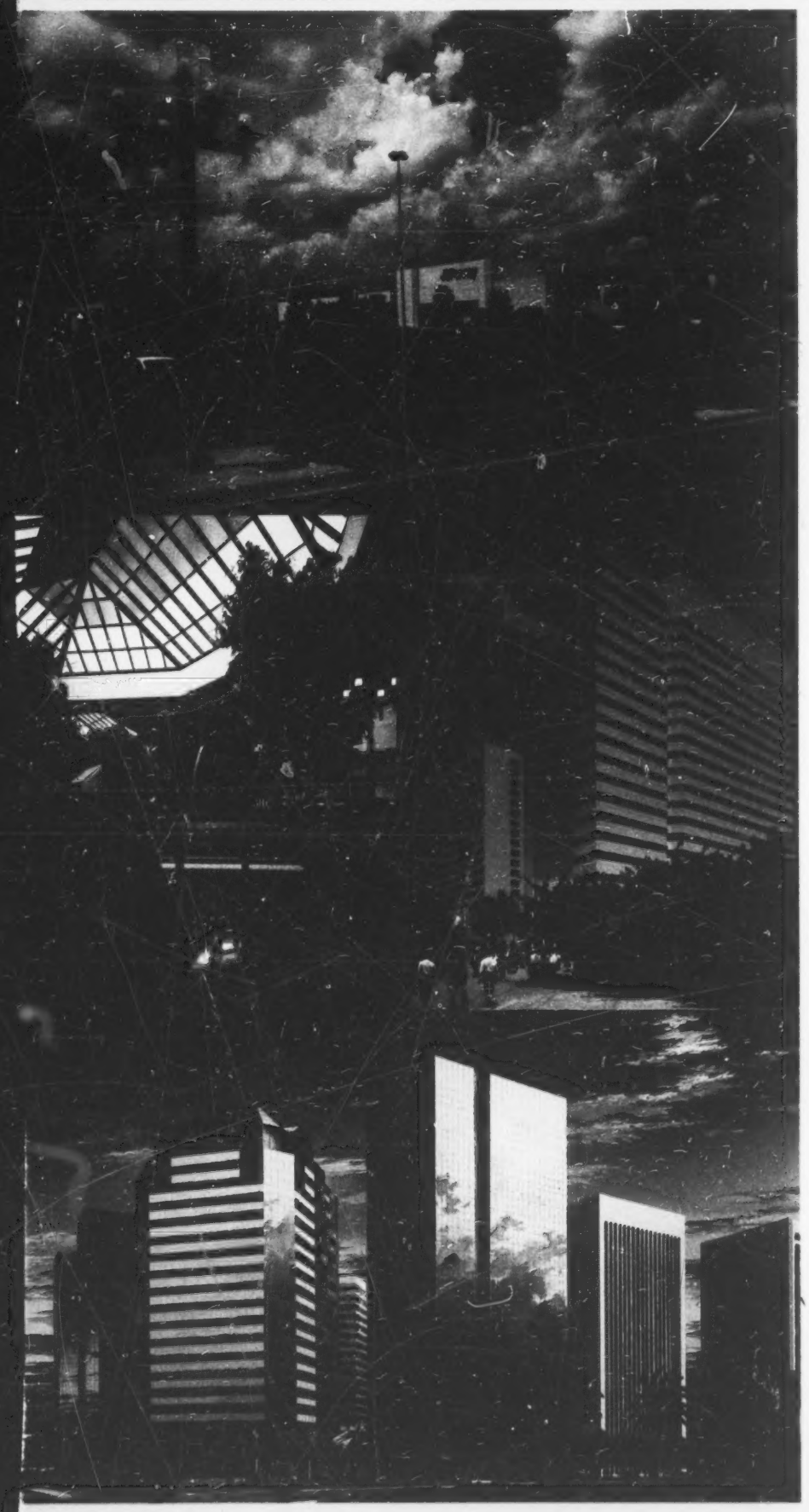
It has invested 89% in existing properties and 11% in developmental projects, and has singled out offices, shopping centers and industrial property.

Grubb & Ellis' clients are two public pension funds, one union and one foundation or endowment, and include San Bernardino County, San Diego Electrical Pension Trust and Kern County (Calif.) Employees Retirement System.

Grubb also offers consulting services.

It has plans for a joint venture development project among three or four pension fund clients.

Client contact is Terry P. Noyer, senior vice president.



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Faison

Faison Associates
Development/Leasing/Management
122 E. Stonewall
Charlotte, N.C. 28202
(704) 374-1711

h

John Hancock Mutual Life Insurance Co.
P.O. Box 111, John Hancock Place, Boston, Mass. 02117; (617) 421-6000

John Hancock reported $116.8 million committed in new business from 15 clients.

Hancock manages $853 million in its commingled funds and direct separate accounts. Of that, $754.2 million is for equity (all but $23.5 million has been received), $3.5 million is hybrid debt and $95.3 million mortgages.

The company also noted it has about $8 billion of real estate assets in its general account from both taxable and tax-exempt sources; if just pension money in the general account is considered, Hancock has $4.8 billion under management.

In invested equity, Hancock's assets have a book value of $552 million and a market value of $638 million; of the $3.4 million book value in hybrid debt, market value is $3.5 million; and of the approximately $90 million in mortgages, market value is $95.3 million. Financing valued at $5.7 million has been used.

Hancock has 80 tax-exempt clients in commingled funds and one direct separate account. They include Alcoa, Shell Oil and Detroit.

Overall, Hancock invests in fully built and leased office buildings, industrial and retail properties, hotels and apartments, and agricultural and timber properties.

The adviser's diversified open-end commingled fund has $674.3 million from 63 participants; its open-end fund in agriculture and timber properties has $38.5 million from seven clients; and the closed-end pool devoted to garden apartment complexes has $29.2 million from five clients.

Two closed-end funds are in the solicitation stage. One that has $20 million in commitments will invest solely in timber properties and is expecting to close in September. The second, expected to close in December, will invest in commercial real estate with some emphasis on the potential for achieving gains by assuming leasing exposure or leverage. Hancock also said it has plans for additional products in the commercial and agricultural area.

Client contact is James J. Sullivan Jr. at (617) 421-5155.

Harris Trust and Savings Bank
111 W. Monroe, Chicago, Ill. 60690; (312) 461-6346

Harris Trust took in $1.5 million from 21 pension funds for the year

ended June 30, bringing to $7 million its assets under management ($5 million in equities and $2 million in hybrid debt).

Almost all assets are invested, and the investments have an almost identical market value. The bank carries $2 million in financing on the properties.

Harris Trust offers an open-end fund that has 107 client funds: one union fund and 106 corporate. These include South Chicago Community Hospital, Cuneo Press, Gear Specialties, Wilson Steel & Wire Co. and Jackes-Evans Manufacturing Co.

The bank invests in existing industrial, office and retail property.

Client contact is John K. Rutledge, vice president.

Hayden Associates Inc.

1 Regency Drive, P.O. Drawer 708, Bloomfield, Conn. 06002; (203) 243-1481

Hayden has $9 million from its one separate-account client, the New Hampshire Retirement System, which is invested at the same market value.

The firm also offers consulting services.

It invests in existing office buildings, research and development properties, industrial property, shopping centers and apartments.

Client contact is David C. Tolzmann, president.

Heitman Advisory Corp.

180 N. La Salle St., Chicago, Ill. 60601; (312) 855-5700

For the year ended June 30, Heitman got $322 million in new business from 11 clients, bringing its total under management to $1.406 billion, all but $208 million of which has been taken in by the adviser.

It closed its first closed-end fund this year at $113 million.

The book value of equity investments is $1.037 billion, the market value is $1.198 billion. Heitman carries financing worth $234 million on the properties. It manages $300 million for foreign pension funds.

Heitman has 15 clients, eight in the closed-end fund and seven separate accounts.

Eight are corporate funds, six public and one a foundation or endowment. They include AT&T, the British Post Office Staff Superannuation Fund, the British Telecom Superannuation Fund, the Kentucky Retirement Systems, the state boards of investment in Illinois and Minnesota, the Pacific Lighting Corp. and the Chicago Policemen's Benefit & Annuity Fund.

The firm also offers consulting services and property management and leasing.

All investments are in existing office buildings, shopping centers and industrial parks.

Heitman expects to close its second closed-end fund with about $200 million in early 1985 and garner additional separate accounts during the year.

David M. Glickman, executive vice president, is the client contact.

HT Investors

1 Hospital Trust Plaza, Providence, R.I. 02903; (401) 278-7606

HT Investors reported a book value of $6.5 million on its equity investment property, with a market value of $7.7 million. It carries $1.6 million in financing.

A year earlier, HT had $6 million under management and a $6.8 million property market value.

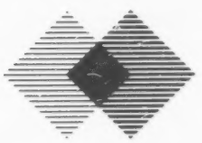
All assets are in the firm's open-end fund, which has 15 participants, up two from the previous year. These 13 corporate funds and two union funds include Textron, the Providence Journal and Rhode Island Hospital.

HT invests in existing office buildings, research and development properties, warehouses and shopping centers that are concentrated in the Northeast and Midwest and are in the $2 million to $6 million range.

It offers consulting services in addition to the open-end fund.

During the next year, HT will offer a common trust fund for personal trust clients of Rhode Island Hospital Trust National Bank.

Dan A. Woolley, vice president, is the client contact.



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i

ICC Realty Advisers Inc.

56 E. Pine St., Suite 200, Orlando, Fla. 32801; (305) 841-6241

ICC reported 10 clients committed $15 million in new capital during the year ended June 30. The firm manages $25 million in mortgages for its 26 union pension fund clients in a closed-end pool.

Assets are 20% invested in existing properties and 80% invested in developmental projects. ICC uses office buildings, hotels and mixed-use properties.

Byron W. Giltz, executive vice president, is the client client.

InterFirst Bank Dallas

P.O. Box 83771, Dallas, Texas 75283; (214) 573-4658

InterFirst Dallas has $320.1 million under management, which is the amount it reported as market value for its properties: $285.5 million in equities, $29.2 million hybrid debt and $5.4 mortgages. Book value on the equity property is $254.3 million. Financing carried on investment property is $10.9 million.

InterFirst has 150 clients in commingled funds and eight in direct separate accounts. Of these, 145 are corporate pension funds, 12 are foundations and endowments and one is public. They include General Motors, AT&T, Exxon, Conoco, Celanese and Lomas & Nettleton.

InterFirst invests 90% in existing properties and 10% in developmental ventures. It uses income-producing commercial properties in the Southwest.

The bank's open-end pool for employee benefit plans has $77.7 million in hand and committed from 150 participants. Of that, $71.6 million is invested. Interfirst's open-end fund for endowments and foundations has $4.5 million in hand and committed from 12 institutions, holding properties valued at $1.8 million. Both funds invest in existing unleveraged income-producing properties in the Southwest.

In 1985, InterFirst plans to market its first closed-end fund for employee benefit plans, targeted at $25 million to $50 million.

Client contacts are Nathan O. Finke, senior vice president, and Robert H. Berger, vice president.

InterFirst Bank Fort Worth

P.O. Box 1479, Fort Worth, Texas 76101; (817) 390-6991

InterFirst Fort Worth has $22.1 million under management: $7.6 million in equity and $14.5 million in mortgages. Book value of the equity investments is $7.1 million with a market value of $7.9 million. Financing on the investment property is $377,000.

The bank runs an $11.2 million open-end fund for 92 tax-exempt institutions. It invests in warehouses, office buildings, shopping centers and other commercial and industrial buildings.

InterFirst also offers separate account management and consulting.

Client contact is Gerald Hartman.

j

Jacques & Kurdziel Ltd.

745 Fifth Ave., New York, N.Y. 10151; (212) 758-6778

Jacques & Kurdziel manages $160 million in real estate equities from two

corporate foreign pension funds, which it reported as fully invested at market value. Last year, it reported $113.6 million under management, with a market value of $181.3 million.

The firm is 75% invested in existing properties and 25% in developmental projects, both office buildings and retail.

W. Murray Jacques and Donald M. Kurdziel, principals, are client contacts.

JMB Institutional Realty

875 N. Michigan Ave., Suite 3960, Chicago, Ill. 60611; (312) 440-5000

JMB reported $375 million in new business from 70 clients during the year ended June 30. Pension fund assets under management grew to $791.3 million: $747.1 million in equity (of that, $257 million has not been received) and $44.2 million in hybrid debt.

Of the $490.1 million already placed in equity investment, market value is $768.6 million; on the $44.2 million placed for hybrid debt, market value is $45.7 million. Financing of $178 million is carried on the equity properties.

JMB now has 111 clients in its closed-end commingled fund products: 58 corporate funds, nine public, one union and 43 foundations and endowments. Clients include Consolidated Edison, Eastman Kodak, Xerox, Columbia University, Cornell University, MIT, Phillips Petroleum and the Ford Foundation.

JMB invests in office buildings and retail and industrial properties, either existing or to-be-built carrying appropriate completion and lease-up requirements.

JMB has two closed-end group trusts for pension funds. The first had 25 plans contribute $245 million, and holds nine properties with a market value of $305 million. The second took in $217 million from 38 investors, and holds eight properties worth $337 million.

JMB also closed two products for foundations and endowments. The first was a limited partnership that took in $66.7 million from 28 investors, and holds seven properties valued at that amount. The second was a real estate investment trust that has commitments of more than $120 million from 40 investors, and has made two investments worth $36 million and has negotiated but not closed purchases of two regional shopping malls.

JMB also offers direct separate account management.

It is marketing a third closed-end group trust to pension funds that has commitments of $225 million from 29 participants; it will close at $300 million. JMB will begin accepting subscriptions for a third foundation and endowment product in the fourth quarter of 1984. This REIT will close at $125 million.

Client contact is John S. Lillard, president.

Jones Lang Wootton Realty Advisors

499 Park Ave., New York, N.Y. 10022; (212) 688-8181

Jones Lang Wootton received a $400 million commitment from one client, the Pennsylvania Public School Employees' Retirement System, for the year ended June 30.

That also is the amount it reports under management in a combination of equity and hybrid debt; $200 million is still outstanding.

Of the $200 million received, $75 million has been invested in equity real estate and $125 million in hybrid debt. The properties carry financing of $50 million.

Jones Lang also has invested $600 million for foreign investors, of which $400 million is pension money.

Jones Lang offers only direct separate account advisory management. It reports two domestic clients, the Pennsylvania fund and U.S. Steel, and includes the Midland Bank pension fund and British Airways on its list.

It is 75% invested in existing properties and 25% in developmental projects. Property types used are office buildings, shopping centers, light industrial buildings and hotels.

John A. Weisz, president, is the client contact.

k

Ronald A. Karp Associates

47 Maple St., Summit, N.J. 07901; (201) 522-1414

Karp Associates is a consultant that works largely on real estate accounts. Its client list includes Pennsylvania State Employees, Brockway Glass and Kaiser Permanent Medical.

Karp plans to start a strategy and performance monitoring service for directly invested accounts.

Client contact is Martin Kahn, vice president.

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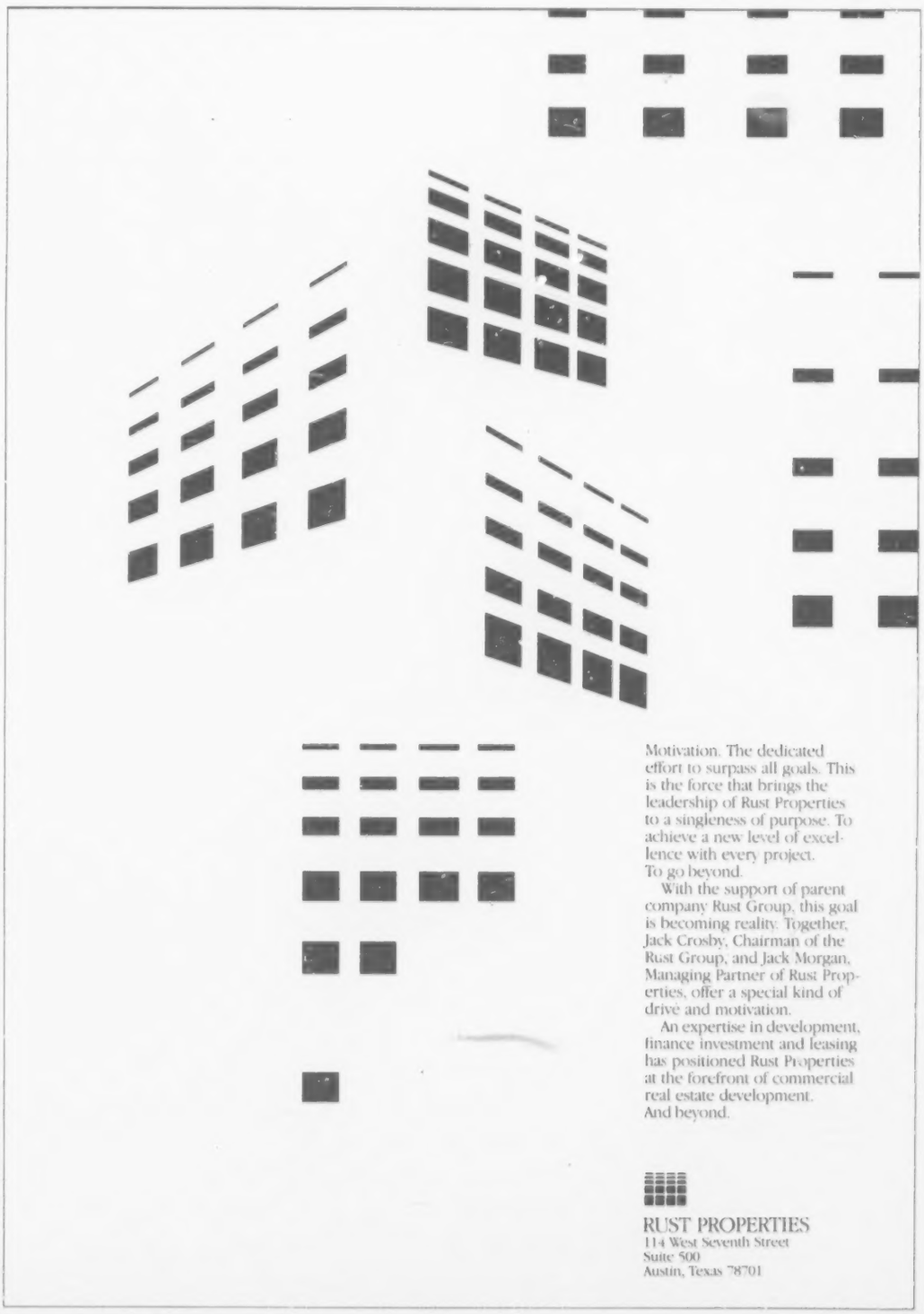

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Karsten Institutional Realty Advisors

10960 Wilshire Blvd., Suite 2232, Los Angeles, Calif. 90024; (213) 477-2481

Karsten reported $136 million was committed in new business on the year ended June 30 from six clients.

Tax-exempt assets under management was set at $213 million: $212 million in real estate equity ($86 million outstanding) and $1 million in a mortgage. Of the $126 million invested in equity, market value was $133 million. Financing on properties was $2 million.

Karsten has 11 clients, four in its first closed-end fund and seven in individual accounts. They are eight corporate pension funds, two union and one public, and include Lockheed, LTV and the corporate parent, First Interstate Bancorp.

The adviser invests in existing office buildings and retail and industrial property.

Karsten is marketing its closed-end group trust and has reached a $20 million threshold from four clients. It will stay open until Dec. 31 or the closing on the first property, whichever comes first.

In the coming year, Karsten plans to offer a second closed-end fund and a specialty open-end fund.

John M. Lundsten, president, is the client contact.

Kennedy Associates Real Estate Counsel Inc.

2400 Financial Center Building, Seattle, Wash. 98161; (206) 623-4739

Kennedy reported commitments of $125 million in new capital from two clients during the year ended June 30.

It manages a total of $462 million in real estate: $329 million in equity-related property ($282 million equity, $47 million hybrid debt) and $153 in mortgages. Market value of the equity is $320 million, and of the hybrid debt, $53 million. Financing worth $45 million has been used.

Kennedy has 71 clients, 63 in a $160 million open-end commingled fund and nine in direct separate accounts. The clients in the commingled fund are 61 Taft-Hartley funds and two corporate accounts; the direct accounts are eight Taft-Hartley and one public fund.

Clients include Eastern Airlines Variable Benefit Retirement Plan for Pilots and the International Brotherhood of Painters and Allied Trades Union and Industry National Pension Fund.

The adviser invests 95% in existing properties and 5% in developmental ones. It uses office buildings, research and development centers, retail shopping centers and large warehouse buildings.

It also offers consulting services.

Jim C. Snyder, president, is the client contact.

Endowments and foundations will be spotlighted Oct. 15.

L

Landauer Advisors Inc.

335 Madison Ave., New York, N.Y. 10017; (212) 687-2323

In addition to gaining a new address in the past year, Landauer has committed $155 million in new business from three clients.

The adviser reported $260 million in funds received from and invested for clients, plus $115 million committed and not yet invested, for a total of funds managed of $375 million.

The value of the funds invested is $385 million; when $250 million in mortgages is included, total current value of investments is $635 million. When $105 million in assets under management that were not acquired by Landauer are included, gross assets managed total $740 million.

Landauer has made investments valued at $610 million (on $350 million net assets, plus $50 million committed and not yet invested) for four foreign pension funds. Two domestic funds have separate accounts totaling $105 million.

In all, Landauer has 10 corporate pension fund clients, four in its closed-end commingled fund and six in separate accounts. Clients include General Motors, Honeywell, British Shell, Royal Dutch Shell, Unilever (U.K.) and Union Carbide.

The firm also offers consulting services, including advice on related party transactions. It invests in high-quality, well-leased existing income-producing properties, both free-and-clear and leveraged.

Landauer's first closed-end group trust has $35 million in pension assets, of which $25 million has been invested. The subscription period for the second closed-end fund will run until June 30, 1985. Landauer seeks to raise $50 million to $150 million and already has $10 million committed. It will buy income-producing offices, retail centers and light industrial buildings, with their value enhanced by creative financing techniques.

In December, Landauer will open a limited partnership for foundations and endowments, seeking to raise $35 million to $75 million for all-cash investments in office buildings and retail centers. This fund is scheduled to close in August 1985.

David R. Hodes, vice president-marketing, is the client contact.

LaSalle Advisors Inc.

11 S. LaSalle St., Chicago, Ill. 60603; (312) 782-5800

LaSalle Advisors has $950 million under management in real estate equity, up $250 million from the amount reported a year earlier.

Its count of tax-exempt clients increased by 11, to 31: 26 corporate funds, three public and two foundations and endowments. One of the 31 — California Public Employees Retirement System — is a separate account, and the rest are in LaSalle's two closed-end pooled funds. They include Caterpillar Tractor, United Airlines, American Express, International Paper and the Virginia Supplemental Retirement System.

LaSalle reported the market value on its investment properties at $602 million, up from $467 million a year earlier. It invests in major income-producing properties that are fully developed, including office buildings, shopping centers and industrial parks.

The firm's first closed-end fund is a real estate investment trust that has $300 million in subscriptions from 24 clients. Of that, $274 million has been invested, carrying a market value of $602 million. The second fund, a group trust, is being marketed. It has $250 million committed from nine clients toward a $500 million target.

Stanislaw Maliszewski, vice president, is the client contact.

[illegible] & Babson Real [illegible] Counsel Inc.

25[illegible] ar Springs, Dallas, Texas [illegible]201; (214) 658-0800

Lehndorff & Babson reported $102.7 million in new business from 10 clients. Its amount under management grew to $236.7 million, of which $152.8 million has been received for equity investment. Lehndorff said the book value of investments is $129.5 million and the market value, $152.8 million. Financing on properties totals $46.8 million.

Lehndorff and its affiliates have made $1.1 billion in U.S. investments for foreign investors, of which $105 million has been on behalf of pension funds.

The firm has eight clients in one $27.7 million closed-end fund and six in separate accounts. Thirteen are corporate pension funds and one is public. Clients have included Textron, Atlantic Richfield, United Technologies and Dow Chemical.

The closed-end fund has invested just $702,000 thus far. A second

7 guidelines for pension fund real estate investment, from the Mellon team.

Left to right: Theodore J. Moss, Jr., Vice President; Karin E. Shewer, Vice President; Robert L. Kinney, President; James T. Foran, Executive Vice President, Mellon Real Estate Investment Management Corporation.

Real estate investment can increase cash flows and asset growth while reducing portfolio volatility. For optimum performance, the portfolio must be designed with reference to the particular needs of your pension fund. Mellon's experienced Real Estate Investment Management Group has developed seven basic guidelines for pension fund investments. We've applied them successfully for major corporate and public pension fund clients for whom we manage over $500 million in real estate assets.

1. We design a real estate portfolio to meet your specific financial objectives and actuarial requirements.
2. We invest in both real estate equity and mortgage debt, as your objectives require. Interestingly, some of our clients find mortgage investments with their high returns and monthly cash flows to be the ideal fixed income alternative for funding current benefit payments.
3. We concentrate on investment-grade commercial and industrial real estate.
4. We emphasize current cash yields rather than staking the majority of your return on uncertain future appreciation.
5. For each individual client's portfolio we stress diversification by property type, location, and investment amount.
6. Our policy is to avoid hotels, fast-food operations, restaurants, and other management-intensive assets. We also avoid apartments with their potential rent control problems.
7. In general, our ongoing policy is to avoid highly specialized buildings which would not find a wide universe of users if existing tenants were to curtail their use.

This portfolio management approach gives you great flexibility to modify your investment policy in accordance with changing opportunities and market conditions. It also gives you the control that goes with distinct asset ownership—and your returns cannot be affected by other clients' liquidation decisions.

The collective fund alternative. For clients who require an even greater degree of diversification, or who are not in a position to make a major commitment of funds at this time, Mellon Bank sponsors closed-end real estate collective trust funds. The Mellon Real Estate Investment Management Group acts as investment adviser to these funds, applying the same basic real estate investment principles.

Unlike many collective funds, Mellon's have a fee structure tied to cash flow rather than to appraised values, so that fees directly reflect the performance of assets from an investor's viewpoint.

To find out how Mellon's management guidelines can work for you, call Bob Kinney, or Karin Shewer, at 212-702-4040, or write to them at Mellon Real Estate Investment Management Corporation, Mellon Financial Center, 551 Madison Avenue, New York, NY 10022.

Mellon Real Estate Investment Management Corporation

closed-end fund will be offered in the next year.

Lehndorff invests 70% in existing properties and 30% in developmental projects. It prefers substantially leased office buildings in metropolitan areas and regional shopping centers in or near major growing cities. Industrial properties also are used.

Robert M. Angland, executive vice president, is the client contact in David L. Babson & Co.'s offices; (617) 723-3074.

Loeb Partners Realty

521 Fifth Ave., New York, N.Y. 10175; (212) 883-0360

Loeb Partners reported $150 million under management in real estate equity for two U.S. corporate pension funds in separate accounts, all of which is invested.

A year earlier, it had $75 million from one client. Loeb's properties are 50% to 60% financed.

Loeb also has $500 million under management for foreign investors, $400 million of which comes from pension funds. A year ago, Loeb had invested $150 million for offshore pension accounts.

It invests in existing income-producing properties, in particular office buildings, retail, apartments and research and development.

Gary L. Naughton, vice president, is the client contact.

Lomas & Nettleton Advisory Group Inc.

P.O. Box 225644, Dallas, Texas 75265; (214) 761-8297

Lomas & Nettleton said $201 million in new money was committed for the year ended June 30 from its one U.S. client, the Teacher Retirement System of Texas.

A total of $340 million is managed and is invested in mortgages with a market value of $425 million. Financing carried on the properties is $201 million. The firm has invested $30 million for foreign pension funds.

Lomas invests 25% in existing properties, 75% in developmental. Office buildings, retail, industrial and multifamily properties are used.

Closed-end funds and consulting services also are offered.

David A. Ridley is the client contact.

m

Manufacturers Hanover Trust Co. Real Estate Investment Advisory Group

270 Park Ave., New York, N.Y. 10017; (212) 286-6044

Manufacturers Hanover has a two-pronged marketing effort: a direct separate account advisory service that used to be known as MH/Edie Investment Counsel and a new commingled thrust.

Manufacturers Hanover Investment Corp. handles separate accounts and reported $100 million in new commitments from four clients. It has $30 million under management in equity and $800 in mortgages on behalf of seven union pension funds that have included Arizona State Carpenters, Operating Engineers Local 428 Health & Welfare Trust Fund, Arizona Laborers, Teamsters & Cement Masons, Construction Laborers Pension Trust and Cement Masons Pension Fund.

The firm invests 90% in existing properties and 10% in developmental deals. It also offers consulting.

William C. Petty, vice president, is the client contact for direct accounts at (212) 957-0760.

The investment advisory group has announced four prospective commingled funds, with a collective ceiling of $400 million: an equity fund ($150 million), a participating mortgage fund ($125 million), a second mortgage fund ($75 million) and a land fund ($50 million).

William D. Dobbs, vice president, is the client contact for commingled funds.

Massachusetts Mutual Life Insurance Co.

1295 State St., Springfield, Mass. 01111; (413) 788-8411

Massachusetts Mutual reported 23 clients committed $4.1 million in new capital during the year ended June 30. The firm has $45.3 million to manage in real estate equity. Investments thus far have book value of $36.3 million and market value of $38.2 million.

The firm has 54 clients, all in its open-end fund: 50 corporate pension funds, two public and two union. The company invests in existing shopping centers, office and industrial buildings and hotels.

Peter J. Vogian, vice president, is the client contact.

Public pension funds will be the focus of a special report Nov. 26

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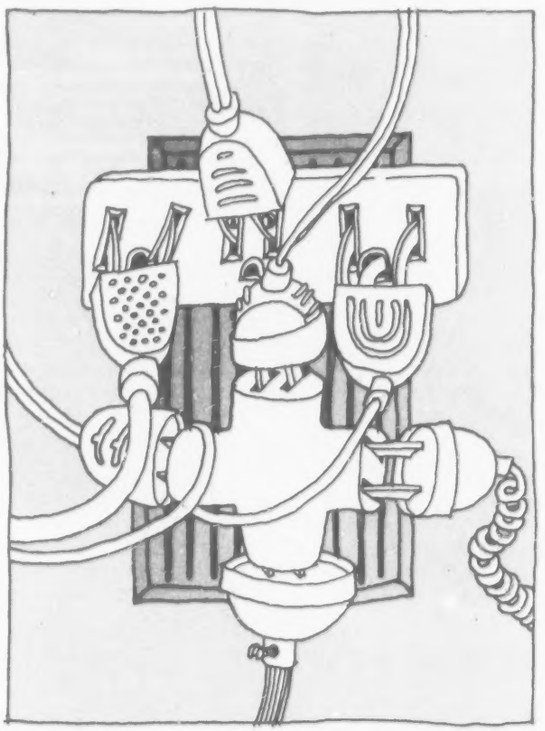

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For more information contact David Ridley, Post Office Box 225644, Dallas, Texas 75265, (214) 761-8297

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or Pat Martin
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Chicago, IL 60603
(312) 346-9172

BOSTON
Contact Evan Weston
One Post Office Sq.
Suite 3510
Boston, MA 02109
(617) 542-5920

John McMahan Associates

201 California St., San Francisco, Calif. 94111; (415) 433-7770

McMahan Associates reported commitments of $173 million in new business from three clients on the year ended June 30, bringing its total under management to $220 million. Investment properties have market value of $110 million. It also has manages $39 million for foreign investors.

The firm has four corporate pension fund clients, one public fund and one union fund. Its closed-end group trust serves four clients and three are in separate accounts (the union fund has a separate account and is part of the commingled fund). The client list includes Honeywell, Florida Power & Light, MIT, Safeway Stores and the University of California.

McMahan invests in existing office buildings, shopping centers and research and development industrial structures.

The closed-end fund has $38 million in subscriptions, of which $28 million has been committed to property. About one-fourth of the fund will be in convertible or participating mortgages.

Client contact is J. Raymond Walker, vice president.

Mellon Real Estate Investment Management

551 Madison Ave., New York, N.Y. 10022; (212) 702-4040

Mellon reported seven clients committed $200 million in new business for the year ended June 30.

The firm manages $550 million in tax-exempt assets: $400 million is in equity-related assets ($300 million in equity, $100 million in hybrid debt) and $150 million is in mortgages. It also has invested more than $10 million in U.S. property for foreign investors.

The firm has three corporate pension funds and four public funds in direct separate accounts. Its clients are Westinghouse, Borg-Warner, Nicor, Detroit Policemen and Firemen Retirement System, Detroit General Retirement System, Joint Municipal Employees Benefit System and the Colorado Fire and Police Association.

Mellon invests in existing "business user real estate:" office buildings, research and development facilities and warehouses.

It is marketing two closed-end funds, one for general investment in direct equity and convertible mortgage investments, and one for direct ownership and mortgages in Michigan real estate by Michigan corporate and public retirement systems.

Karin E. Shewer, vice president, is the client contact.

Mercantile Realty Services

1704 Main at Ervay, Dallas, Texas 75201; (214) 698-4528

Mercantile Realty reported one client committed $1.5 million in new business during the year ended June 30. The firm manages a $12.9 million open-end fund for six corporate pension funds.

It has $9.6 million in equity-related investments — $2.3 million in equity and $7.3 in hybrid debt — with the balance in cash committed to property under contract. It carries no financing.

Mercantile invests in existing office buildings, retail centers and light industrial properties.

It also offers direct separate account management and consulting services, and is pursuing off-shore investors.

C. Ronald Capps, senior vice president, is the client contact.

Mercantile Trust Co.

P.O. Drawer 387, St. Louis, Mo. 63166; (314) 425-2735

Mercantile Trust reported 11 clients committed $4.4 million in new business for the year ended June 30.

The bank manages tax-exempt assets totaling $56.5 million in its open-end fund, of which $44.3 million is designated for equity and $12.2 million for hybrid debt. Of the equity, $28.9 million has been invested at a market value of $30.6 million and $15.4 million is in short-term instruments waiting investment.

The $12.2 million in hybrid debt has a market value of $13.7 million. Financing valued at $1.2 million has been used.

Mercantile Trust has 15 corporate pension funds in its pool, including AT&T, Ozark Airlines and T.G. Lee Foods.

Assets are invested in existing suburban office buildings, strip retail centers, office/service centers and bulk warehouses.

Arthur C. Jones, vice president, is the client contact.

Metropolitan Insurance Cos.

1 Madison Ave., New York, N.Y. 10010; (212) 578-2211

Metropolitan reported seven clients committed $39 million in new capital during the year ended June 30.

The firm manages tax-exempt assets totaling $412.4 million; $354.1 million in real estate equity (with $25 million outstanding) and $58.3 million in mortgages. Of the equity, the $195.3 million book value carries a market value of $287 million; the $70 million book value in mortgages has a market value of $58.3 million. No financing is used.

Metropolitan has 35 clients, all in commingled funds: 32 corporate pension funds and three union. They include the United Mine Workers, McGraw Edison, American Can, Ideal Basics and the Fishbach Corp.

The adviser manages three commingled funds.

A diversified open-end account that invests in developmental joint ventures has 24 pension fund participants and holds $178.9 million in net assets and 64 properties. An open-end fund that acquires existing unleveraged properties has five clients and holds $98.3 million in net assets and nine properties.

The closed-end fund for existing properties has six clients and holds net assets of $49.5 million and three properties.

Metropolitan uses office buildings, research and development/industrial complexes, hotels and shopping malls in its mix of existing properties and developmental ventures.

The insurer also offers direct separate accounts and is considering a participating mortgage fund during the next year.

John Emmanuel, assistant vice president, is the client contact.

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400 Park Avenue, New York, NY 10022

MONY
1740 Broadway, New York, N.Y. 10019; (212) 708-2608

MONY reported 15 clients committed $12 million in new capital during the year ended June 30. The firm manages tax-exempt assets of $29.3 million in real estate equity, all in an open-end fund with a market value of $32.5 million. Financing valued at $2.9 million has been used.

MONY has 43 clients in its open-end fund, 39 corporate pension funds and four public. Clients include Zippo and Olympia and York.

The adviser invests in existing retail and industrial properties and office buildings.

MONY also offers direct separate account management and said that during the next year it will provide "a flexible liquidity option for plan liquidity needs."

Wayne R. Dominguez, sales director-equity real estate, is the client contact.

J.P. Morgan Investment
9 W. 57th, New York, N.Y. 10019; (212) 826-7330

J.P. Morgan Investment reported eight clients committed $87 million in new business during the year. The firm manages tax-exempt assets in real estate totaling $1.66 billion: $826 million in equity (of which $68 million is still outstanding) and $834 million in mortgages ($34 million outstanding).

Book value on equity investments is $676 million, market value is $758 million; of the mortgages, book value is $917 million and market value, $800 million. Morgan also invests $713 million for foreign investors.

Morgan has 158 corporate pension funds in its open-end fund, and handles separate accounts for two public funds, one union fund and two foundations and endowments. The commingled fund had a $657 million asset value.

Existing properties make up 84% of investments. Property types used include office buildings, regional shopping centers and industrial research and development properties.

Timothy Heise, vice president, is the client contact.

Morguard Realty Advisors
1 Bellevue Center, 411 N.E. 108th, Suite 1600, Bellevue, Wash. 98004; (206) 623-1650

Morguard reports no U.S. pension fund money under management. An affiliate has invested $58 million of foreign pension capital in U.S. property. Clients include Air Canada, Alberta Board of Administrators Teachers, Alberta Government Telephone, Bell Northern Research, CBC Pension Board, John LaBatt and Northern Telecom.

Property types used include office buildings, industrial parks, shopping centers, warehouses and research parks.

Morguard offers a closed-end equity fund that has no assets under management as yet. The adviser also offers direct separate account management, consulting services and development consortiums, and plans to come out with a development fund during the next year.

Chandler H. Everett, vice president, is the client contact.

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NCNB National Bank
1 NCNB Plaza, Charlotte, N.C. 28255; (704) 374-8405

NCNB reported 120 clients committed $230 million in new business for the year ended June 30.

The bank manages tax-exempt assets totaling $432 million in real estate equity, $200 million of which is outstanding. Book value of investments is $152 million, market value is $194 million. Financing worth $1.2 million has been used.

The bank has 451 clients: 439 corporate pension funds and eight public. Four are in direct, separate accounts and 447 are in the bank's open-end fund.

Clients include Eastern Airline Pilots, Sodyeco Co., Drexel Heritage Furniture, Southeast Toyota, Sonoco Products, United Telecommunications, Inter American Developments Bank, Belk-Legget, Lance Inc., the Washington Suburban Sanitary Commission and NCNB Corp.

NCNB is 79% invested in existing properties and 21% in developmental ventures. It uses commercial and industrial property, office buildings and office-showroom property.

Its $137 million open-end fund has 42 investments worth $96 million in the Southeast.

NCNB is marketing its first closed-end fund, which will close Oct. 31. Investment properties will come from the southern U.S. and will be in the $6 million to $8 million range, slightly larger than in the open-end fund. It has commitments of more than $30 million from five pension funds.

Mark S. Coltrin, vice president, is the client contact.

New Court Realty
1 Rockefeller Plaza, New York, N.Y. 10020; (212) 757-6000

New Court manages tax-exempt assets totaling $15 million in real estate equity. Book value on investments is $12 million with a market value of $16 million.

New Court also reported carrying financing worth $19.8 million. It has invested $10 million for foreign pension funds.

The adviser has five corporate pension fund clients in its closed-end limited partnership, including General Foods and Sherwin-Williams.

The firm invests in developmental ventures only, using office buildings and commercial retail, industrial and research and development properties.

A second closed-end fund similar to the first is planned for the coming year.

John McGurk, president, is the client contact.

New England Mutual Life Insurance Co.
501 Boylston St., Boston, Mass. 02117; (617) 578-2000

New England reported $1.5 billion under management in mortgages from 3,000 clients. This is in its general account, the lion's share of which is pension fund assets. Book value on investments is $1.3 billion; $139 million is outstanding.

Real estate equity assets are managed by Copley Real Estate Advisors, and are included in that firm's profile.

Clients include American Sterilizer and Norris, Beggs & Simpson.

Donald I. Gregg, vice president-group pension marketing, is the client contact.

Public funds spotlighted Nov. 26

New York Life Insurance Co.
51 Madison Ave., New York, N.Y. 10010; (212) 576-7437

New York L[illegible] reported six clients committed $1.85 million in new business for the year ended June 30.

The firm manages $35.5 million in real estate equity through its open-ended real estate fund, of which $1.6 million is held in cash. Financing worth $2 million has been used.

The fund has 14 clients, 13 corporate pension funds and one public. It invests in completed and leased general-purpose commercial property in proven suburban markets.

Thomas J. Connolly, vice president-real estate, is the client contact.

Pensions & Investment Age's annual survey of chief investment officers on the quality of institutional brokerage research is scheduled to be published in the Sept. 17 edition.

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Oxford Development Corp.
7316 Wisconsin Ave., Suite 300, Bethesda, Md. 20814; (301) 654-3100

Oxford manages and develops real property assets for pension accounts and other tax-exempt entities.

It is a developer and manager of multifamily rental properties, commercial office buildings and shopping centers.

The firm has raised $172 million through private real estate syndication and is offering a $35 million public fund on a tax-advantaged basis. Oxford is structuring tax-exempt investments through unleveraged and participating mortgage pooled funds.

Howard Moskof, executive vice president, is the client contact.

P

Victor Palmieri and Co. Inc.
2021 K St. N.W., Suite 700, Washington, D.C. 20006; (202) 223-8690

Victor Palmieri and Co. reported five clients committed $10 million in new business during the year ended June 30.

The firm manages tax-exempt assets totaling $455 million — $115 million in equity and $340 million in mortgages.

Book value of equity investments is $95 million with a market value of $128 million. Financing worth $176 million has been used.

Palmieri has invested $3 million in U.S. real estate for foreign pension funds.

The firm has seven clients, six in closed-end funds and one direct separate account. Six are corporate pension funds and one is a union.

Existing properties make up 85% of the portfolio. Palmieri uses office buildings, hotels, apartments and commercial and residential properties.

Both pooled funds are closed-end limited partnerships. The first uses a mix of equity and straight and participating mortgages. Six tax-exempt funds participated with $29 million: assets are valued at $215 million. The second, for investment in Sun Belt apartments, took down $16 million from three pension funds.

Palmieri also offers consulting services.

John A. Koskinen, president, is the client contact.

The Peckham Boston Co.
4 Longfellow Place, Suite 3305, Boston, Mass. 02114; (617) 523-4440

The Peckham Boston Co. reported four clients committed $12 million in new business for the year ended June 30.

The firm manages real estate equity totaling $18 million for four corporate pension funds in direct separate accounts. Financing worth $7 million has been used.

Peckham invests in existing apartments, office buildings and shopping centers.

During the next year, the firm will offer joint venture opportunities in the condominium/cooperative conversion and development field.

It also offers closed-end funds and consulting services.

Client contact is John M. Peckham III.

Phoenix Mutual Life Insurance Co.
1 American Row, Hartford, Conn. 06115; (203) 275-5000

Phoenix Mutual reported 20 clients committed $4.58 million in new capital for the year ended June 30.

The firm manages tax-exempt assets of $55.7 million in an open-end fund. Book value on that property is $49.8 million. No financing is used.

The 50 clients participating in the commingled fund are 49 corporate pension plans and one public plan.

It invests 64% in existing properties and 36% in developmental ventures. It uses multitenant office buildings, office warehouse and research and development buildings, neighborhood and community shopping centers and multitenant residential properties.

H. Russell Irving, second vice president, is the client contact.

PMRealty Advisors
700 Newport Center Dr., Newport Beach, Calif. 92660; (714) 640-3000

PMRealty (formerly Pacific Mutual Realty) reported three clients committed $30 million in new business for the year ended June 30.

The firm manages tax-exempt assets totaling $80 million in two closed-end funds. Of that, $30 million is outstanding. Book value of investments thus far is $44 million. Financing worth $7.3 million has been used.

The firm has three corporate pension funds and two public funds in its commingled equity funds. They are Air Products and Chemicals, Seattle City Employees Retirement System, the State of Washington, United Airlines and Southern California Edison.

PMRealty invests in existing office buildings and industrial research and development and retail properties.

The closed-end funds invest in the West, Southwest and other growth areas. The first fund received $50 million from three pension plans. The second fund is open to subscriptions and has $30 million committed.

In the next year, a third fund will be offered as will either a joint venture development fund or a "tax-efficient" fund. All will be closed-end.

The firm also offers direct separate account investment management.

Pete Hammer, managing director, is the client contact.

Property Capital Advisors
200 Clarendon St., Boston, Mass. 02116; (617) 536-8600

Property Capital reported 34 clients committed $130 million in new business for the year ended June 30.

The firm manages tax-exempt assets totaling $294 million in real estate equity, of which $77 million is outstanding. The investments carry a book value of $217 million and market value of $300 million. Financing worth $200 million has been used.

Property Capital has invested $4 million in U.S. property for foreign investors.

The firm has more than 54 clients — 44 foundations and endowments and more than 10 corporate pension funds. Fourteen are in direct separate accounts and the rest in pooled funds. They include Harvard University, MIT, U.S. Steel Pension Fund, The World Bank and Carnegie Corp. of New York.

Property Capital invests in existing office building, shopping centers, industrial properties, hotels and apartments.

The firm has five pooled vehicles: a $225 million market value ($145 million book) open-end diversified real estate investment trust with more than 40 clients; and four closed-end limited partnerships formed to invest in specific projects. Additional limited partnerships are planned.

John A. Cervieri Jr., president, is the client contact.

The Prudential Asset Management Co.
Prudential Plaza, Newark, N.J. 07101; (201) 877-3735

Prudential Asset Management (formerly listed as Prudential Insurance Co. of America) reported 168 clients committed $1.16 billion in new capital during the year ended June 30.

The adviser manages tax-exempt assets totaling $6.36 billion: $6.2

billion in real estate equity and $156 million in mortgages. Book value of equity investments is $4.5 billion with market value at $5.8 billion; on mortgages, book is $75.4 million and market is $156.4. Financing valued at $321.2 million has been used.

Prudential has 445 clients, all in commingled funds: 290 corporate pension funds, 60 public, 94 union and one foundation or endowment.

Prudential invests in existing office buildings, industrial and commercial property, hotels/motels, apartments, agricultural property and land.

Prudential has seven commingled funds. PRISA, an open-end income-producing property account, is the largest in the business at $5.1 billion from 377 clients. PRISA II ($356.5 million from 28 funds) and III ($239.3 million from two clients) resemble PRISA in form and style.

PRIMOR, an open-end participating mortgage account with a union emphasis, has $80.8 million from 20 clients. MORISA, another open-end participating mortgage account, has $75.6 million from nine clients. Prudential's first closed-end equity fund, PRACE-I, closed early this year with $117.9 million from seven clients.

The seventh fund, the closed-end PRACE-II, is scheduled to close Dec. 31.

Prudential also offers direct separate account management.

James H. Gately, senior vice president, is the client contact.

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RepublicBank Dallas

P.O. Box 241, Dallas, Texas 75221; (214) 922-6780

RepublicBank reported five clients committed $7 million in new business for the year ended June 30.

The firm manages $30 million for real estate equity. Book and market values of investments are $17 million. The bank also reported $60 million in U.S. property investments for foreign investors, of which $30 million is for foreign pension funds.

RepublicBank has 25 corporate clients, 20 in an open-end commingled fund and five in direct separate accounts. Clients include Austin Industries, Texas Instruments, Centex Corp. and the Cullum Co.

It invests in existing office buildings, office/warehouse/service facilities and retail shopping centers.

During the next year, RepublicBank will offer an open-end development fund.

It also offers closed-end fund management and consulting services.

David J. Pittman, senior vice president and trust officer, and Neal J. Howe, assistant vice president and trust officer, are the client contacts.

T.W. Richardson & Co. Inc.

601 California St., Suite 301, San Francisco, Calif. 94108; (415) 391-2880

Richardson & Co. reported its four clients committed $9 million in new business on the year ended June 30.

The firm manages tax-exempt assets of totaling $8.6 million in real estate equity, with that amount of market value on book value of $6.02 million. Financing worth $3.5 million was used.

Its four corporate pension fund clients are in direct separate accounts. It markets only separate account management to corporate plans, and offers consulting services, land investments, partnerships and joint ventures.

It invests 60% in existing properties and 40% in developmental ventures, using land of all types, commercial and industrial buildings.

The client contact is Thomas W. Richardson.

Rose Associates Inc.

380 Madison Ave., New York, N.Y. 10017; (212) 210-6666

Rose Associates offers real estate investment consulting and direct separate account investment management. It also acts as an owner's representative, joint venture partner or managing agent.

The firm has invested $140 million for taxable British, Dutch and Japanese clients.

It invests in office, industrial and high-rise residential buildings.

In the coming year, the firm will offer joint venture opportunities in new developments and existing properties.

The client contact is Daniel Rose, president.

The RREEF Funds

650 California St., 18th Floor, San Francisco, Calif. 94108; (415) 781-3300

The RREEF Funds received $898 million in new contributions from 44 clients for the year ended June 30.

RREEF reported $2.19 billion in equity real estate under management, not including appreciation of $342 million, bringing total value of equity assets under management to $2.53 million ($816.8 million in capital is outstanding).

RREEF listed book and market values of investments at $1.7 billion; it uses no financing.

The adviser has 72 clients, all in its series of 13 closed-end group trusts. They are 61 corporate pension funds, six public, two union and three foundations and endowments, and include AT&T, IBM, the state of Washington, Illinois State Universities Retirement System and Monsanto.

RREEF invests in existing high-quality, well-located office buildings, shopping centers, business parks and industrial buildings. They're usually 95% leased up.

All but one fund is closed to subscriptions. The two largest of these ($417.5 million market value and eight clients; $577 million and 19 clients) acquire large properties on a national basis. The others acquire smaller properties regionally. Six are in the West, (from $61.1 million and six clients to the most recent, a $142.7 million mix of dollars, commitments and property value from 25 clients); four are either mid-America or, in the case of the most recent, a combination of mid-America and the East (from $74.8 million and nine clients to a $153.7 million mix of cash, commitments and property from 26 clients).

The third "USA" fund had a $700 million target and will stay open until Dec. 31. If it reached $700 million by Sept. 1, the ceiling could be lifted to $1 billion. It had about $685 million from 18 pension funds by late July. The $15 million minimum investment can be spread evenly over three years.

Paul Sack, principal, is the client contact.

Research survey: Sept. 17.

Frank Russell Trust Co.

1912 First Interstate Plaza, Tacoma, Wash. 98402; (206) 572-2282

Frank Russell, which began offering real estate investment management in April, has $45 million in real estate equity from 11 clients in its open-end fund. Of that, $24 million has been received from the clients.

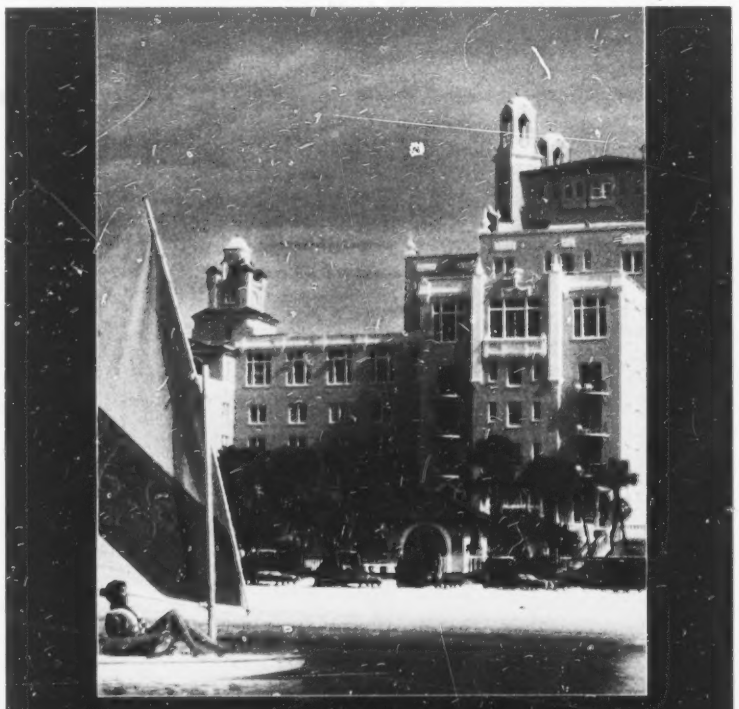
Book and market values on investments are $23.7 million.

It has eight corporate pension fund clients and three public. They include the Seattle City Employees' Retirement System, the Chicago Policemen's Annuity & Benefit Fund and the Mennen Co.

The Frank Russell fund invests in a blend of six other open-end commingled funds.

It considers itself 90% invested in existing properties and 10% in development ventures, using office buildings, industrial facilities and commercial and retail properties.

Paul R. Kaltinick, president, is the client contact.



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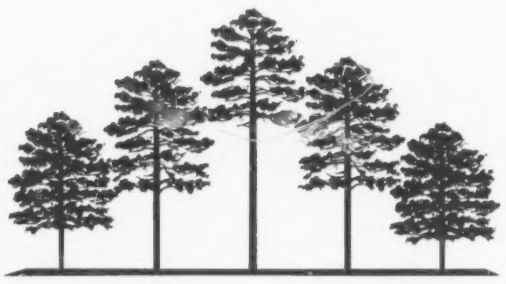

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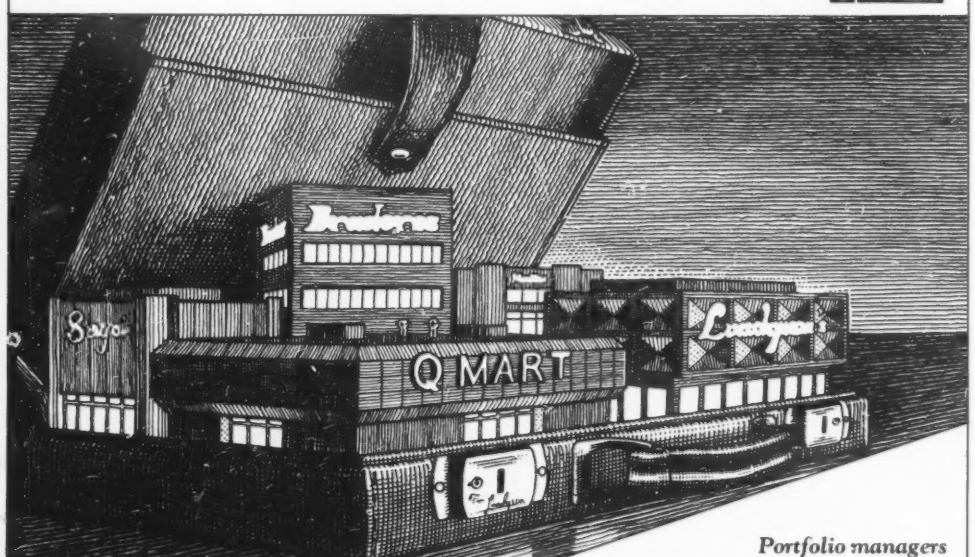

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Property Capital Trust is a major investor in the Partnerships and serves as General Partner. PCA Institutional Advisors initiated the transactions and is the Advisor to the partnerships.

September 1984 Boston, Massachusetts

S

Fayez Sarofim & Co.

2 Houston Center, Suite 2907, Houston, Texas 77010; (712) 654-4484

Fayez Sarofim manages tax-exempt assets of $49 million, all in participating mortgages, for nine corporate pension funds in a closed-end group trust.

Book value of investments is $30.4 million (of which the group trust provided $23.5 million cash; some are partial commitments), market value is $32 million. The balance is held in cash and short-term investments.

The fund invests in developmental ventures, using office buildings, service centers and retail and industrial properties.

Sarofim also offers consulting services and is pursuing separate account management. During the next year, the firm plans to offer a second closed-end fund specializing in equity/debt structures.

Client contact is Joshua M. Brown.

Schroder Real Estate Corp.

1 State St., New York, N.Y. 10004; (212) 269-6500

Schroder received $35 million in new business during the year ended June 30.

It manages $550 million in foreign tax-exempt assets in real estate equity, out of a total $800 million from foreign investors. Financing worth $100 million has been used.

The firm manages the North American Property Unit Trust, a British entity with 65 clients. Schroder also has two direct separate accounts, one corporate and one public.

Schroder invests in existing office buildings, shopping centers and industrial warehouses.

The adviser will offer a closed-end fund for U.S. pension funds in the near term.

Charles Grossman, president, is the client contact.

Scudder Realty Advisors

333 S. Hope St., 37th Floor, Los Angeles, Calif. 90071; (213) 628-1144

Scudder reported $100 million in new business committed by three clients in the year ended June 30.

Overall, the firm has $500 million under management from 30 tax-exempt clients. Of that, about $50 million is in real estate equity, $250 million in mortgages and $200 million in hybrid debt. No financing is used.

The firm offers direct separate account management. Of the 30 clients, 12 are public pension funds and the remainder are corporate and Taft-Hartley.

Investments are in existing retail and warehouse properties and office buildings.

Client contacts are Jack Wells, president; Candace Thorson, assistant vice president; and Diane Ward, assistant vice president.

Security Capital Real Estate

1345 Avenue of the Americas, New York, N.Y. 10105; (212) 399-6505

Security Capital (until this year, Smith, Barney Real Estate Corp.) reported new business of $340 million from 48 clients on the year ended June 30.

Equity assets under management grew to $490 million, of which all but $95 million has been received. Book value of investments is $312 million; market value is $343 million. Financing worth $38 million has been used.

All 121 clients are in the adviser's open-end group trust: 89 are corporate pension funds, nine are public and 23 are union. They include K mart, Borden, Southern New England Telephone, Standard Oil (Ohio) and the states of Alaska, Ohio, South Dakota, Washington and Idaho.

Security Capital invests in fully developed apartment and office buildings, shopping centers and light industrial facilities.

Lewis W. Kresch, first vice president, is the client contact.

SouthWest Realty Advisors

6900 E. Camelback Road, Suite 700, Scottsdale, Ariz. 85251; (602) 952-9172

Southwest Realty is marketing a closed-end equity fund that will principally invest in existing office buildings, shopping centers and light industrial parks in the Southwest. It will close next spring.

Southwest also offers direct separate account management and consulting services.

Thomas F. Curley, president, is the client contact.

Stanfill Paulson & Co.

351 California St., San Francisco, Calif. 94104; (415) 391-4170

Stanfill Paulson is entering the pension marketplace with its first closed-end fund, a participating mortgage group trust. It carries a $50 million maximum target and will invest in institutional-quality, income-producing properties in 11 western states.

Stanfill Paulson also is soliciting individually managed accounts and provides consulting services. John Paulson, partner, is the client contact.

State Street Bank and Trust

225 Franklin St., Boston, Mass. 02101; (617) 654-3222

State Street received $60 million in new commitments from nine clients for the year ended June 30.

The bank has $114 million designated for management: $21 million has been invested in equity, $33 million in hybrid debt and the $60 million balance in cash or commitments waiting investment. Financing worth $37 million has been used.

State Street has 12 clients in two closed-end funds. They are 11 corporate pension funds and one union, and include CBS, GTE, Honeywell, The World Bank and the bank's own retirement fund.

The bank invests in existing office buildings, hotels/motels, industrial, retail and residential property and development projects.

State Street reported its first closed-end fund invested $54 million for five clients, and the second has $60 million committed from nine clients (Aldrich, Eastman & Waltch, which advises the funds, gave slightly different numbers).

State Street expects to close its third closed-end fund Dec. 31 with $100 million.

Thomas P. Hogan, vice president, is the client contact.

SUHRCO Real Estate Advisors Inc.

10604 N.E. 38th Place, Suite 228, Kirkland, Wash. 98033-7996; (206) 828-4464

SUHRCO manages $22 million in real estate equity for one separate-account client, Tektronix. It invests in existing retail and office warehouse properties, suburban office buildings and apartments.

It is marketing its first closed-end fund, primarily for investment in the Northwest and West, with a target of $50 million. SUHRCO also offers consulting services, particularly on the use of corporate real estate in lieu of cash as plan contributions.

The firm plans to expand to Southern California during the next year.

Client contact is Edwin C. Suhrbier.

Sun Banks Inc.

P.O. Box 3808, Orlando, Fla. 32802; (305) 237-5056

Sun Banks reported 30 clients committed $3 million in new business for the year ended June 30.

In all, 120 corporate pension funds

invest in an open-end fund that has a market value of $12.7 million. Financing worth $1.3 million has been used.

The bank invests in existing retail shopping centers, warehousing and distribution centers, and office buildings and office parks in the Southeast, primarily Florida.

John K. Webster, executive vice president, is the client contact.

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Tamarack Associates

P.O. Box 1924, Stockton, Calif. 95201; (209) 951-1120

Tamarack reported $1 million in new commitments from nine clients. The firm has $6 million under management in real estate equity, all but $1 million of which has been received. Investments have a book value of $3 million and market value of $4 million. Financing worth $1 million has been used.

Tamarack has 14 clients in individually managed accounts — 13 corporate pension funds and one union fund. It also offers closed-end real estate funds and consulting services.

The firm invests 40% in existing properties and 60% in developmental projects, using commercial and apartment properties.

David M. Soares, investment counsel, is the client contact.

TCW Realty Advisors

400 S. Hope St., Suite 600, Los Angeles, Calif. 90071; (213) 683-4200

TCW received $240 million in new business from 26 clients during the year ended June 30.

Its total equity-related assets under management grew to $422 million. Of that, $206 million has been invested — $160 million in hybrid debt and $46 million in equity — with the remainder in cash. Financing worth $7 million has been used.

TCW has 43 clients, 39 in its two closed-end funds and four in separate accounts. They are 37 corporate pension funds, three public and three union.

The adviser invests in existing general-purpose office buildings, industrial/distribution properties and retail space.

The first closed-end fund took in $172.5 million from 22 investors. The second closed July 1 with $190 million from 25 clients, of which $24.5 million has been invested. A third closed-end fund is expected to be launched in late 1984.

Bruce L. Ludwig, senior partner, is the client contact.

Texas American Bank/Fort Worth

P.O. Box 2050, Fort Worth, Texas 76113; (817) 338-8445

Texas American Bank reported 125 clients committed $4.5 million in new business for the year ended June 30.

The bank manages tax-exempt assets totaling $55 million: $49 million in equity and $6 million in mortgages. No financing has been used.

The bank has 125 clients, 121 in its $5 million open-end fund and four direct separate accounts. They include Mrs. Baird's Bakeries Inc., Gearhart Industries and Justin Industries. Texas American also offers consulting.

Investments are in existing shopping centers, office buildings, office/warehouse structures and retail property.

Bob S. Little, vice president and trust officer, is the client contact.

Third National Corp.

Fourth and Church St., Nashville, Tenn. 37244; (615) 748-4391

Third National reported commitments of $4 million from 23 corporate funds in its open-end trust fund on the year ended June 30.

It has $17.1 million under management, $9.3 million in equity and $7.8 million in hybrid debt. All the equity under management has been invested at a market value of $9.6 million. Of the $2.4 million invested in hybrid debt, market value is $2.7 million. Financing worth $782,000 has been used.

Third National has 80 clients, all corporate pension funds, in its open-end trust, including Tennessee Farmers Co-op and the Metropolitan Nashville Board of Education.

The trust invests in existing shopping centers, office buildings and multitenanted warehouses, service centers and office/warehouse buildings, primarily in the Southeast.

Client contact is Larry Gibson, vice president for employee benefits.

The Travelers

1 Tower Square, Hartford, Conn. 06115; (203) 277-7777

The Travelers reported 16 clients committed $28 million in new business for the year ended June 30.

The firm manages tax-exempt assets totaling $6.6 billion: $513.3 million in equity and $6,093 million in mortgages. Financing valued at $23.7 million is used. The Travelers also has invested $35 million in U.S. property for offshore investors.

The firm has 180 pension clients in commingled funds and one direct separate account: 166 corporate funds, eight public and seven union. Clients include the states of Connecticut and Maine, Caterpillar Tractor, Monsanto and Chevron Corp.

The Travelers invests in existing office buildings, shopping centers, industrial and warehouse properties, apartments and agricultual and timber properties.

Its open-fund R gives clients the option of equity, debt or balanced participation. One $29.8 million closed-end fund is invested only in timberland properties. A second $22.5 million closed-end fund is devoted to agricultural properties.

The Travelers is marketing its second closed-end fund for timberland.

Thomas E. Keating, vice president, is the client contact.

Trident/Meyer Real Estate Advisors

80 E. Ridgewood Ave., Paramus, N.J. 07653; (201) 265-9600

Trident/Meyer reported four clients committed $115 million in new business for the year ended June 30.

The firm manages tax-exempt assets totaling $276 million. In equity, Trident has $176 million, of which $93.5 million is received. In mortgage accounts, it has $100 million, $64 million received. Market value on equity investments is $61 million and on mortgages, $64 million.

The firm has five clients — one corporate fund and four public — in separate accounts. They include the Municipal Employees Annuity and Benefit Fund of Chicago and the Ohio Police & Firemen's Disability and Pension Fund.

Trident invests in developmental industrial and commercial properties, office buildings and multiunit housing.

In the next year, it will establish closed-end funds and customized separate accounts. Trident also offers consulting services and real estate investment trusts.

John C. Weiner Jr., managing director, is the client contact in New Jersey; Allen W. Ralston, managing director, is the client contact in Anaheim, Calif., at (714) 999-6813.

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The Union Labor Life Insurance Co.

111 Massachusetts Ave. N.W., Washington, D.C. 20001; (202) 682-6927

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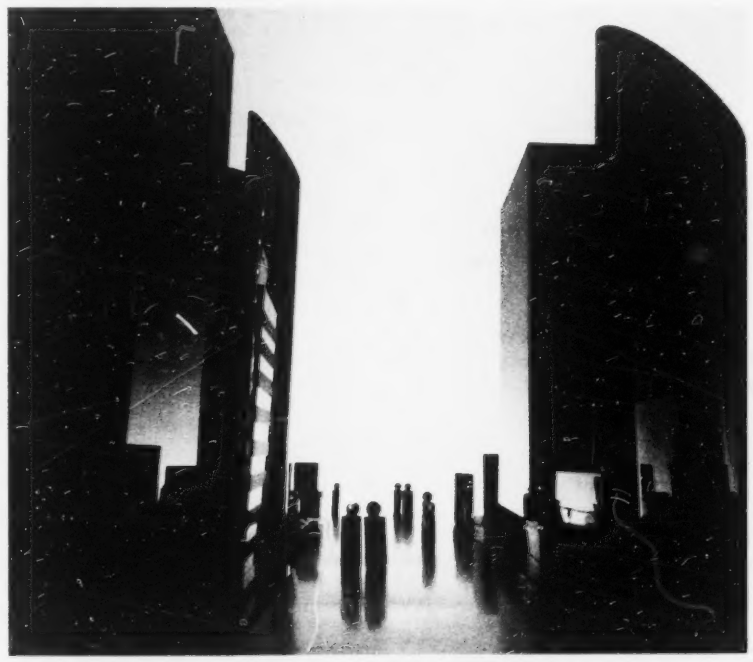

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million in new commitments from 22 clients for the year ended June 30.

The firm manages tax-exempt assets totaling $235.8 million, all in mortgages. Of that, $110.8 million is outstanding. Book value of investments is listed at $85.4 million, market value as $78.4 million.

The firm has 50 clients in separate accounts, all union funds. These include the National Industrial Group Pension Plan, Southern California Ironworkers, International Brotherhood of Teamsters Local 469 and the International Longshoremen's Association Local 1730.

Union Labor invests in first mortgages on shopping centers, retail stores, office buildings and residential and light industrial property.

John E. Stephan, director-group pension sales, is the client contact.

United Trust Fund

4770 Biscayne Blvd., Miami, Fla. 33137; (305) 576-7711

United Trust Fund arranges direct participation in specified real estate investment without discretion.

During the year ended June 30, it acted for one client for $10 million worth of equity real estate investment. In all, it has represented 12 clients for $65 million in equity realty investment.

United Trust's client list includes Honeywell, Gould and Emory Air Freight.

The fund invests in existing office buildings, warehouses, retail and light industrial properties. All are single-tenant or bond net-lease facilities with Moody-rated credit.

James Nolan, executive vice president, is the client contact.

United Virginia Bank

919 E. Main St., Richmond, Va. 23219; (804) 782-7328

United Virginia Bank reported 45 clients committed $8.5 million in new business during the year ended June 30.

The bank manages tax-exempt assets of $18.6 million in an open-end equity fund. Book value of investments is $9.8 million and market value is $10.2 million, with the balance in short-term investments. Financing worth $2.8 million has been used.

The bank has 141 corporate pension funds and one union fund in its pool, including Overnite Transportation, Media General, Virginia Chemicals and Farm Fresh.

United Virginia invests in existing office buildings, shopping centers and warehouses that are less than five years old and substantially leased.

The bank also offers direct separate account management and consulting services. In the coming year, United Virginia plans to offer a syndication review service.

The client contact is Stephen J. Hartman Jr.

Endowments and foundations will be the topic of a special report in the Oct. 15 issue of Pensions & Investment Age.

W

Wachovia Bank & Trust Co.

P.O. Box 3099, Winston-Salem, N.C. 27102; (919) 748-5906

Wachovia Bank reported nine clients committed $67.5 million in new business for the year ended June 30.

The firm manages $560 million in real estate equity for tax-exempt clients. Investments have a book value of $400 million and a market value of $500 million. Financing of $17 million has been used.

The adviser has 290 corporate, five public, four union and three foundation or endowment clients, 300 of which are in its $306 million open-end fund.

Wachovia invests 50% in existing and 50% in development properties. Types used include light industrial properties, office buildings and warehouses. Client contact is Nicholas L. Verano III.

Wagner Southern Forest Investments Inc.

10 Piedmont Center, Suite 420, Atlanta, Ga. 30305; (404) 239-0988

A new firm, Wagner Southern Forest opened its first open-end group trust July 1. It will acquire long-term equity positions in timber and timberland, primarily stakes of 500 to 5,000 acres in the pine stands in the Southeast.

Wagner also offers separate account management and is considering an open-end group trust for foundations and endowments.

David S. Graham, principal, is the client contact.

Washington Square Capital

100 Washington Square, Minneapolis, Minn. 55440; (612) 375-1165

Washington Square, owned by Northwestern National Life Insurance Co., started marketing its first real estate product for pension funds, a closed-end fund, in March. The fund, which will invest in participating mortgages, will close June 1985.

The adviser also is offering separate account management and consulting services.

Gary Kallsen, portfolio manager, and Greg Hameson, administrative manager-real estate accounts, are the client contacts.

Wells Fargo Realty Advisors

330 Washington St., Marina del Rey, Calif. 90292; (213) 822-2032

Wells Fargo reported $41 million in new capital from six clients during the year ended June 30.

In all, the firm has $563 million under management for tax-exempt clients, which is also the amount it reports for the market value of its investments: $263 million in equity, $22 million in hybrid debt and $278 million in mortgages. The properties carry $28 million in financing.

British pension fund investment accounts for $47 million under management.

Wells has 45 clients, all in commingled funds: 39 are corporate and six are public funds. They include General Motors, AT&T, B.F. Goodrich, British Gas Corp., Honeywell Ltd. and Esso Petroleum Corp.

The adviser is 90% invested in existing properties and 10% in developmental ones. It uses industrial and research and development properties, office buildings and retail.

The adviser has two pooled funds invested and one in the marketing stage. The $143 million open-end Wells Fargo Real Estate Equity Fund invests in $1 million to $10 million property mostly in the West and Sun Belt. The Wells Fargo Property Unit Trust holds the $47 million from U.K. funds that is invested in four suburban U.S. office buildings and three industrial research and development facilities.

The firm's first closed-end fund is now open to subscriptions. It will invest in properties in the $5 million to $15 million range.

Wells leaves open the possibility of more than one closed-end fund and said it will offer direct investments tailored to clients in the coming year.

J. Michael Johnson, vice president and director of marketing, is the client contact.

E.P. Wilbur & Co. Inc.

368 Center St., Southport, Conn. 06490; (203) 255-3434

E.P. Wilbur & Co. reports it is in the advanced stage of organizing its first commingled fund, which has a $50 million objective and will be in equity real estate. It is also starting two funds for foreign clients, both major European banks.

C. Wheaton Vaughan, executive vice president, is the client contact.

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Pension fund managers have relied on Richard Ellis for over 30 years to acquire properties that will perform. The prime property shown here is part of the approximately $200 million invested by Richard Ellis in the past year on behalf of its institutional clients.

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Cash Management

Hires 'beginner' for international bank overhaul

Varian takes U.S. techniques overseas

By Richard J. Gillespie

PALO ALTO, Calif. — When Robert Lemos, treasurer of Varian Associates, wanted to reshuffle his international banks, he went looking for someone with no previous international experience.

The cash manager he hired, Caye Hursey, had been running a $400 million short-term portfolio for Itel Corp. before she landed the job.

Later, she told him "he must have been crazy" to have hired her to reorganize the multinational corporation's European banking network. As she tells the story, he replied it had worked — and she had to agree.

Mr. Lemos wanted to extend the company's efficient U.S. cash management techniques beyond U.S. borders, where state-of-the-art corporate cash management is the exception, rather than the rule.

Ms. Hursey was told to find European banks that would dovetail nicely into the U.S. system so the corporation could keep an eye on its projected $130 million in European sales from its California headquarters.

Nervous, perhaps, but enthusiastic about her sudden vault into the international arena, Ms. Hursey already had mapped out how things were going to have to change for Varian Associates' European banks before she found herself on a three-week tour of Europe's most glamorous cities.

Varian Associates, a high-technology manufacturer, does a substantial amount of business outside U.S. borders, operating plants that turn out vacuum tubes in Canada, medical instruments in Australia and Ireland, and ion pumps in Italy, among other things.

Annual sales of $886 million are projected for the 1984 fiscal year ending Sept. 30, of which about 30% will come from abroad, Ms. Hursey said.

The company has approximately 14,000 employees worldwide, including a representative in the People's Republic of China. It does business in many different currencies, of which 16 are tracked on a regular basis.

Before Ms. Hursey's arrival, each of the corporation's European subsidiaries used different banks. At that time, company executives simply telexed their cash balances into company headquarters twice a week. The U.S. treasury staff then would arrange to have the funds remitted to the United States, mainly "because there was not enough money there to invest," said Ms. Hursey.

"We wanted to have a more comprehensive and sophisticated cash management system for better management information and control," she explained.

"We really didn't know what was going on with bank accounts in Europe other than what was being telexed. We also wanted to increase earnings and move balances around accordingly, also to have better control over foreign exposure, so we saw three reasons for a new system."

Before going on the trip, she had been told to expect "real resistance" from the European banks.

"It turned out European banks still have a way to go," she said. "The biggest problem was that they

Continued on page 50

Caye Hursey

European system uses 'back valuing'

NEW YORK — Bank valuing is one "of the most mystical elements" of global cash management, said Ken Parkinson, editor of the Journal of Cash Management.

In many European countries, most particularly in France, he said two systems for calculating balances operate simultaneously.

One he termed the ledger system, and the other he called the "good value" system. The latter is used to determine the level of the bank's compensation, he said.

While the ledger date is the date of the transaction, the good value date is the key date, Mr. Parkinson said.

When a disbursement is made by check, there is a good-value date that is back valued from the time the transaction takes effect, he explained.

"If a check is posted to my account today and I have negotiated a two value day amount, the bank will clear it to my account two days ago, and look back at my account that day to find out if I had enough," he said.

If the bank finds insufficient funds on that date, it will immediately charge the account a penalty fee, a procedure made possible because of the automatic overdraft system that operates in Europe.

Mr. Parkinson pointed out U.S. banks will do the same if an error has been made in an account and money taken out erroneously. In this instance, the U.S. bank will back value and change the balance retroactively.

"Back valuing is not as open or commonly understood in the U.S., but it is clearly a way of doing business in Europe and a way for banks to receive compensation," he said.

"It may not have anything to do with the way they clear a check, but historically it has been a way by which they gain compensation."

In the above instance, if the funds had not been available retroactively, the payer's account would be charged, and the payer's bank would not grant availability to the payee for two days, Mr. Parkinson said.

Bank size, share of market linked

By Richard J. Gillespie

NEW YORK — A strong correlation exists between the size of a bank and its cash management market share, a new survey shows.

The results of the survey, the first nationwide poll of the cash management market, were released by the consulting firm, Arthur Young & Co. That company purchased rights to both the survey and an accompanying directory of cash management services from the cash management consulting firm Treasury Strategies in Chicago.

The correlation between size of bank deposits and market share was found to exist for three key cash management services: money transfer, wholesale lockboxing and cash concentration services. It was not found for disbursement services, nor for services provided through the automated clearinghouse, an electronic payments mechanism operated between banks.

While large banks have succeeded in grabbing a much larger marke

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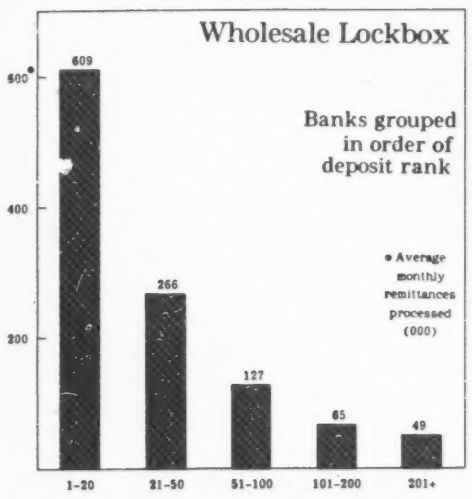

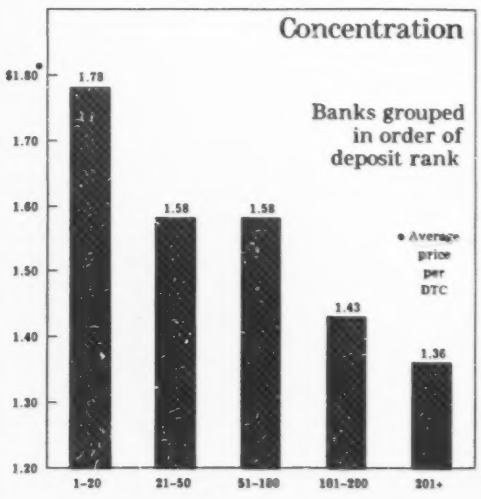

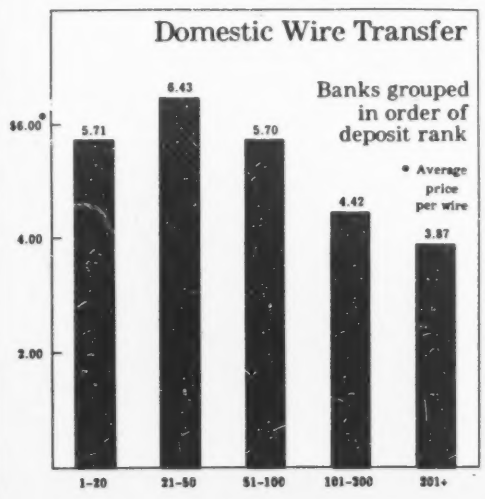

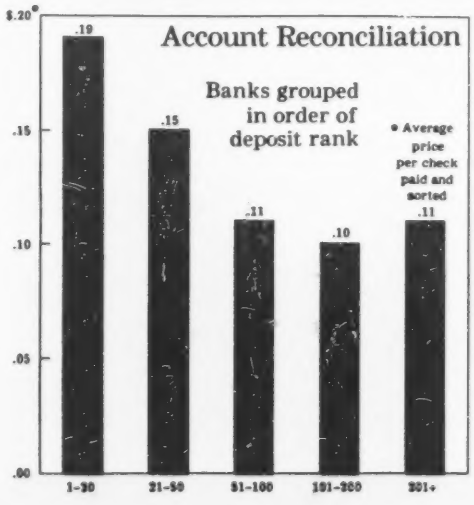

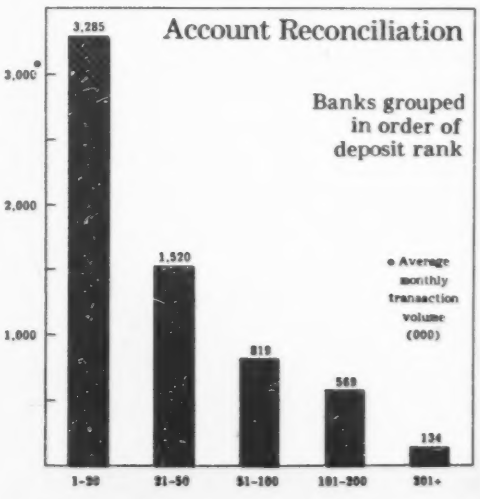

Survey links bank size. . .

Continued from page 49
share than smaller institutions in those three areas, larger banks also have tended to charge much higher prices for the services, said Bill Renshaw, a principal of Arthur Young & Co.

The price of a cash management product varies by as much as 100% from one bank to another, he said.

"Larger banks have clearly been successful in both acquiring larger market shares, and commanding higher prices for cash management services than their smaller competitors," he said.

The lion's share of the market for those three products has become highly concentrated among a few bank providers, he said.

Figures documenting the breakdown of market share in the wholesale lockbox field revealed the 20 largest banks (in terms of deposits) processed an average 609,000 remittances in the month of October 1983, while the next 30 banks ranked by size processed an average of 266,000.

The same was found with account reconciliation services, where the 20 banks had an average volume of 3.3 million items, while the next 30 largest deposit banks averaged 1.5 million.

Yet rather than the largest 20 charging less for the service, as one might expect, they were found to charge an average of 19 cents per item, which is four cents more than the next 30 largest deposit banks.

The same 20 charged eight cents more on average than the 51 to 100 largest deposit banks. This latter group, however, had only one-quarter of the transactions of the top 20.

There evidently are discrepancies between pricing and market share that suggest that for these services, corporations seem to prefer dealing with larger banks and to pay more for their services, said Mr. Renshaw.

This same situation was not found to exist in quite the same way where the market for domestic wire transfers is concerned, he said.

In this case, it was the second group of banks, when ranked by size of deposits, that charged more.

With domestic wire transfers, the largest 20 banks charged an average of $5.71 for a transfer, while the next 30 banks, ranked by size of deposits, charged $6.43.

"We dont know why," said Mr. Renshaw.

Nor was the relationship found to exist with disbursement services, a market that is more evenly spread among the cash management market players.

But overall, the market share survey demonstrated a strong correlation between a given bank's market share for the three services mentioned above and its deposit base, a relationship that holds true for the entire survey population irrespective of deposit rank.

"This seems to indicate either that the prestige attached to dealing with large banks or their automated telecommunications capabilities gives them competitive advantage," said Mr. Renshaw.

"Either that, or the fact that the compensating balances being maintained to support credit lines may be double counted for non-credit services, which would result in a higher overall charge.

"Despite this finding, it seems likely that 'niche' opportunities will continue to exist for those banks adroit in managing and updating their product lines. Cash concentration and disbursement services present two such possibilities.

"Both cash concentration and disbursement are low-volume services offered at high prices by large banks. They represent applications where geographic or other bank-specific considerations contribute to a corporation's ultimate purchase decision.

"While industry leaders have started to view cash management services as a significant profit center, they have only recently begun to measure costs and revenues."

As this information becomes more widely available, Mr. Renshaw believes cash management banks will create new marketing strategies to either counteract, or fully exploit, their relative advantages and disadvantages.

There are two fundamental reasons banks previously have had only a limited knowledge of the profitability of their cash management services, he said.

First, many corporations traditionally have paid for cash management services with compensating balances, "which make it difficult for a bank to assess revenue generated with any degree of precision," he said.

"Second, most commercial banks treat cash management departments as cost centers, which provide their services to lending divisions at internally established standard costs.

"The lending divisions then resell these to their customer base at a standard price, generally a markup over standard cost. Such internal pricing policies usually do not accurately reflect the true profit potential of products sold."

At the same time, bankers had never before enjoyed the benefit of cash management market share information. As a result of product managers working without survey information for so long, numerous inefficiencies have grown up that the survey exposed, Mr. Renshaw said.

The product manager of a major bank, for example, was offering the cheapest price on a particular service at a time when he had been under the impression his was more expensive than other competing services, the survey found.

The bank executive, in fact, deliberately had increased the price of his service to a higher level in order to get out of a market he considered unprofitable, said Mr. Renshaw.

But the survey found that not only did the manager's bank have the greatest market share for that service, but also that it was one of the cheapest services available in his region.

Without the benefit of any market share or comprehensive pricing information, he simply had not taken the hidden costs of his competitors into account.

As a result of seeing the information in the survey, he has been able to raise his price and is now making a profit on the service, said Mr. Renshaw.

The survey identified other opportunities to be exploited throughout the cash management industry along the same lines.

"With some banks charging more than twice as much for a service than others, lower priced banks can apparently raise their charges without risking loss of market share," he said.

The survey is available only to participating banks. The directory of cash management products and pricing information can be obtained from Arthur Young at (800) 334-0854, ext. 818. ■

Pensions & Investment Age's annual survey of institutional brokerage research will be published Sept. 17.

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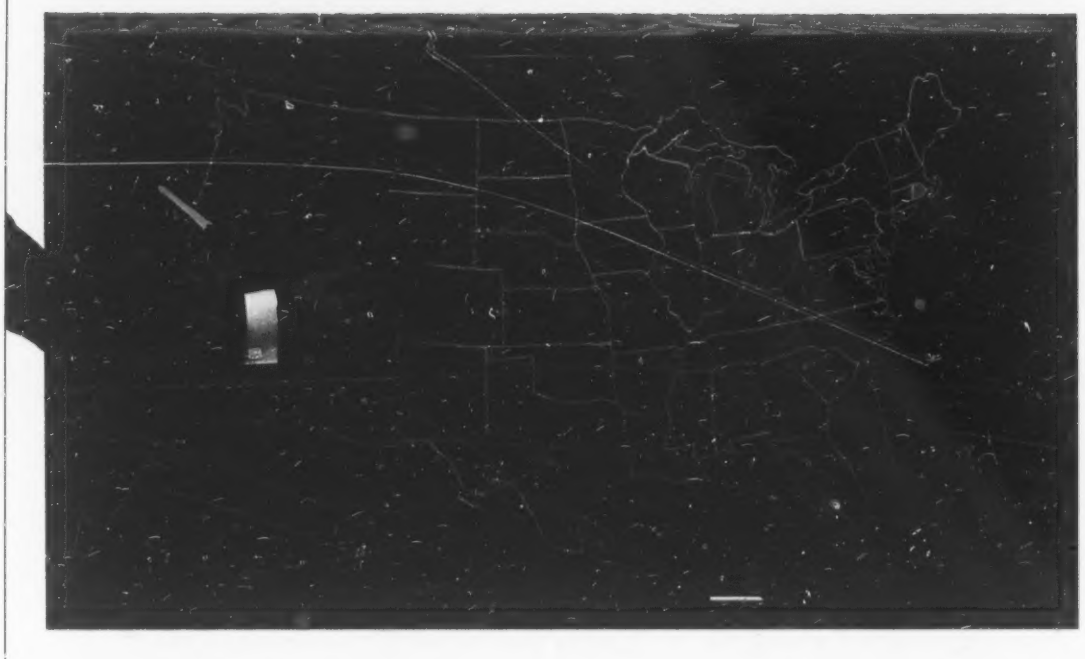

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The new state of banking.

Is law eroding . . .

Continued from page 3

Six years later, Mr. Gordon is worried the pendulum is swinging back to pre-ERISA attitudes.

"New forms of corporate manipulation of pension funds have arisen that make me wonder whether a large segment of plan sponsors now view ERISA as akin to the Internal Revenue Code, in which every loophole possible is to be explored and exploited," Mr. Gordon told a Labor Department advisory group last spring.

"If these corrosive attitudes persist, a strong reaction against plan sponsors is bound to occur . . . and will lead ultimately to an intense struggle to overhaul ERISA."

In particular, critics question whether recent corporate trends involving use of plan assets ultimately might harm the status of private plans, and, thus, potentially plan participants and beneficiaries whom the law sought to protect. These actions include:

• Terminating overfunded plans and using the excess assets to finance various corporate activities, such as reducing debt loads incurred in takeovers, fending off hostile tender offers, expanding plants and other business activities and bailing out troubled companies.

• Draining excess assets through Reagan administration-approved "spinoff/termination" or "termination/re-establishment" techniques that leave no cushion for future benefit accruals.

• Contributing corporate securities, real estate or other assets in lieu of all or part of a company's annual cash contribution.

The views of ERISA's drafters are mixed on these issues. Some raise serious concerns and others dismiss the points as either irrelevant or being part and parcel of a voluntary private pension system.

The drafters are the nearly 30 individuals who toiled on the various congressional committees and in the executive branch in developing the bill.

While members of Congress made the major policy decisions, these individuals provided the arguments for and against specific provisions, as well as hammered out the nuts-and-bolts decisions that made the law a forceful, albeit complex, reality.

Whichever side they are on, many find terminating overfunded plans to recapture surplus assets troublesome, at minimum.

"The idea of being able to manipulate pension funds for corporate purposes is at least, in spirit, in conflict with what ERISA was trying to accomplish," said Robert Nagle, former general counsel for the Senate Labor Committee.

Vance Anderson, who served as an aide to former Rep. John Dent, D-Pa., who was chairman of the House general subcommittee on labor, remarked, "Anybody who has looked at terminations-reversions is probably troubled, at least by some aspects of it."

Russ Mueller, who served as minority staff on the labor subcommittee, said he dislikes the trend of plan terminations.

"Pension systems by their nature are long-term entities," he said.

"To the extent that pension plans are viewed merely as instruments of other aspects of corporate management, it can possibly lead to adverse consequences.

"If the system isn't providing benefits, if it is creating expectations and not delivering on those expectations, we will see a repeat of the kinds of (events) that led to Title 4," Mr. Mueller said.

(Title 4 created the insurance system that ensures payment of a basic level of benefits when underfunded plans are terminated.)

Another ERISA alumnus criticized the Reagan administration's policy of allowing companies to reap excess assets from overfunded plans.

"To the extent that people terminate a plan, take a reversion and then re-establish the plan, it weakens the protection of the act," he said. The problem is that "if you lop off the peaks when you have peaks, the valleys will be deeper."

Mr. Gordon takes the regulatory agencies to task for not taking an aggressive enough stance. "I know these problems are complicated, but that doesn't mean you can't find an answer," he said.

He is particularly upset about use of plan assets in takeover situa-

Continued on page 76

Number of private pension plans

—total—

Year	Total	Defined benefit	Defined contribution
1975	$340,171	$107,399	$232,772
1976	398,407	120,773	277,634
1977	451,458	131,768	319,690
1978	495,845	139,340	356,505
1979	538,751	157,639	381,112
1980	589,893	179,424	410,469
1981	653,370	196,624	456,746
1982	718,847	218,529	500,318
1983	775,477	235,745	539,732

Note: Data for years 1975-1983 based on Form 5500 annual financial reports and on *Pension Facts* published by the American Council of Life Insurance. Data for years 1980-1983 based on projected estimates.

* Excludes Keogh plans for the self-employed.

Pension plan participants

—thousands—

Year	Total	Defined benefit	Defined contribution
1975	$44,511	$33,004	$11,507
1976	47,679	34,207	13,472
1977	49,928	34,731	15,197
1978	52,371	36,103	16,268
1979	55,192	36,925	18,268
1980	57,903	37,979	19,924
1981	61,700	39,241	22,459
1982	65,200	40,424	24,776
1983	66,800	40,280	26,520

Note: Data for years 1975—1983 based on Form 5500 annual financial reports and on *Pension Facts* published by the American Council of Life Insurance. Data for years 1980—1983 based on projected estimates.

* Excludes Keogh plans for the self-employed.

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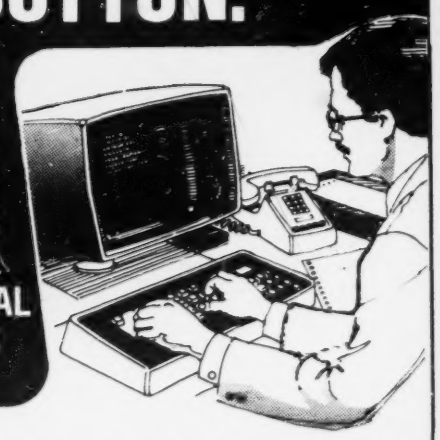

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Erosion of pension law . . .

Continued from page 75

tions. There are "real questions as to whether the law is adequate," he said.

For example, the law might not be tough enough to handle cases in which corporate officials use assets of a plan holding employer stock to avert a takeover threat by either buying up additional shares or refusing to tender, he said. Both Grumman Corp. and Carter Hawley Hale Stores Inc. faced such situations in recent years.

While Grumman lost an early court battle on the legality of its action, a judge recently found the fund had not incurred any loss, and thus the plan trustees were not liable for damages (*Pensions & Investment Age*, March 5).

In the case of Carter Hawley Hale, the Department of Labor was poised to bring suit against Bank of America, the trustee of the retailer's profit-sharing plan, but apparently was blocked by the Justice Department. Some insiders have suggested political influence was involved, but the administration has denied it.

Some company officials "might feel the hazards of litigation by the Department of Labor is less of a concern to them to maintain control of an organization or to obtain control," Mr. Gordon observed.

Some ERISA alumni who believe companies always should have a right to terminate their plans are disturbed by problems presented by use of assets in takeovers and mergers and acquisitions.

Theodore Rhodes, who was at the Treasury Department during ERISA's last drafting stages, said the law was designed to provide flexibility to plan sponsors. However, where a company acquires another and pays off the debt with the reversion, "that's a much more troubling situation," he said.

An oft-cited example of that practice is Occidental Petroleum Corp.'s termination of four overfunded pension plans, including one of recently acquired Cities Service Co.

However, asking the government to distinguish among the motivations for terminating overfunded plans is difficult, some argue.

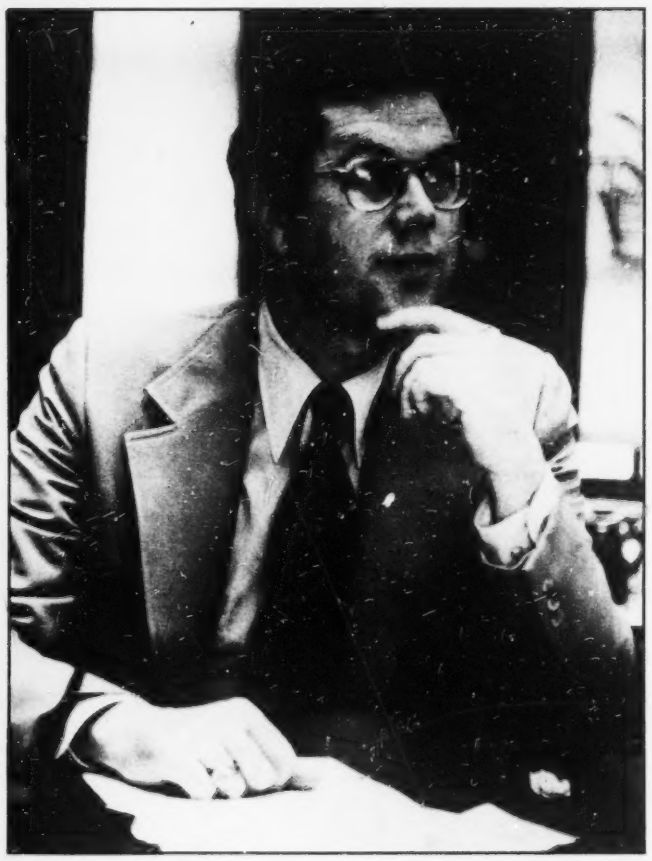
"You can't have good purposes and bad purposes," said Richard Fay, who served as an aide to former Sen. Gaylord Nelson, D-Wis.

"There's clearly a growing sophistication (among business) that will probably lead or already has led to abuses that need to be corrected," added Mr. Fay, who is now a pension attorney. "But I do not believe that there are as many abuses as people have said."

However, some do not see any problem.

"The ability to terminate a plan and recapture excess assets is a necessary corollary to the fact that setting up a plan is voluntary," said William Chadwick, a former Treasury Department official and U.S. pension administrator under President Ford.

Frank Cummings, who drafted the first bill Sen. Javits introduced, commented, "Nobody ever promised that if there is a surplus in the fund employees would get it." The debate is "just silliness," he said.



Michael Schoenenberger

That view highlights the lack of consensus.

As Mr. Anderson noted, "there has been a great deal of intemperate commentary resulting from this type of phenomenon. The truth is some place in the middle."

Plan terminations "need to be analyzed on a case-by-case basis," he said.

The views on contributions of corporate securities, real property or other interests also are not uniform. Manipulation of funds to purchase employer stock before ERISA was passed caused Congress to limit plan holdings of employer securities to 10% of total assets.

Nashville, Tenn.-based Genesco Inc., for example, had invested nearly a third of its pension fund's assets in corporate stock by 1971. In addition, the fund held real estate that was leased back to the company.

In recent years, companies have made contributions ranging from employer stock to oil and gas interests to leaseholds to recently proposed venture capital contributions — but none exceeding the 10% ceiling.

Again, Mr. Gordon is the most strident in attacking the administration's policy. "I think the Labor Department has not been vigorous enough in scrutinizing the adequacy of these contributions under the exclusive benefit rule," he said.

The DOL is treating the matter as if the value of the contributed interest were the only issue, he added.

"While that's good, and part of the fiduciary's responsibility, there's another question: whether employers have the right to force funds to take these investments," he said.

"The DOL has done nothing about that. If the DOL feels the law doesn't give them the authority, then we have to change the law."

Mr. Fay also is concerned about the issue. He believes the bill drafted by the Senate Labor Committee did not allow contributions of any employer securities and certainly no real property.

However, Henry Rose, who worked on pension legislation at the DOL in the years preceding ERISA's enactment, sees no problem.

"The law was intended to restrict just that, the corporate use of plan assets. That's why they put in the 10% limit," he said.

Added Mr. Cummings, "Why should it matter if you contribute corporate securities, real estate, cash or diamonds as long as it's secure?"

Problems such as the terminations of overfunded plans and other corporate activities might require Congress to amend the law, some ERISA alumni believe.

Nonetheless, most agree these problems were not anticipated when the law was created.

"More tinkering will be needed to protect the rights of employees," commented Herbert Chabot, a former deputy chief of staff of the Joint Committee on Internal Revenue Taxation.

But the need for adjustments in this area is "indirectly an indication that ERISA has been accomplishing its major tasks," he added.

These problems might be inconsistent with ERISA's intent, said Michael Schoenenberger, who worked on the Senate Labor majority staff. But "ERISA never got to this problem. It was directed at providing minimum standards."

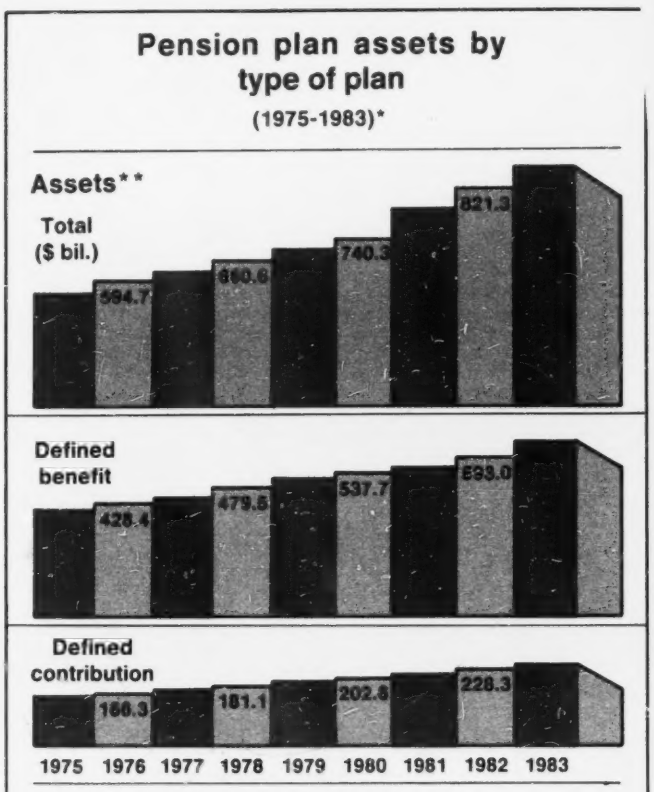
Indeed, the alumni believe ERISA's success in mandating minimum standards for participation, vesting, funding and fiduciary standards has been significant, leading most to conclude the law has not been eroded in the past 10 years.

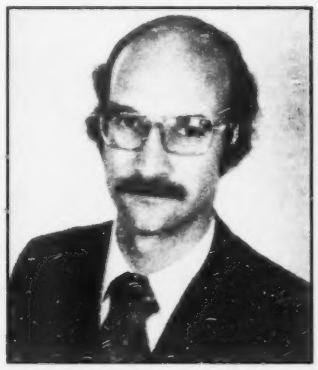
"I'm very surprised about that. I thought there would have been a strong movement to dilute ERISA," said Mr. Schoenenberger.

Considering the opposition the bill faced in the years leading to its passage, its widespread acceptance has prevented weakening of the statute, although there still might be qualms about the law's prohibited transaction rules or division of enforcement responsibilty among three federal agencies.

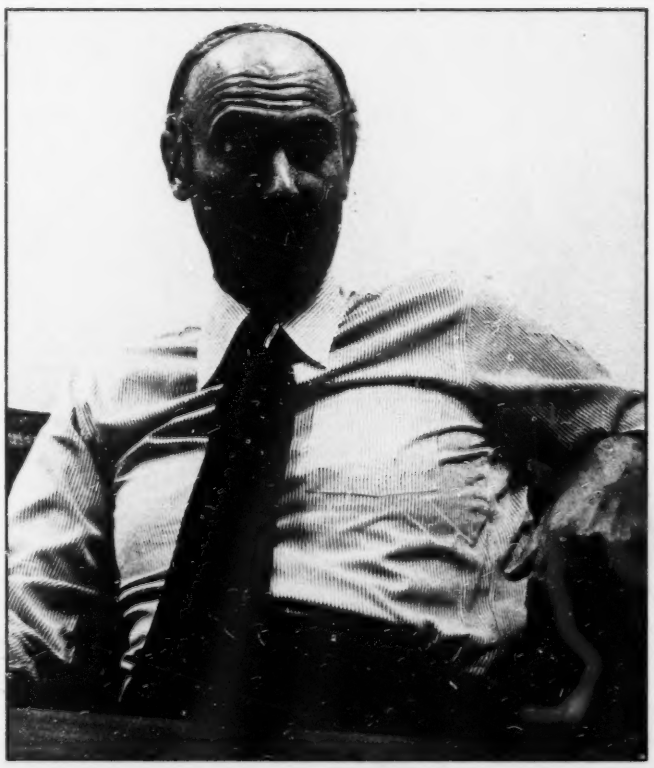
Even Mr. Gordon, who fears growing erosion of the law from the recent corporate trends, agrees the law is fundamentally sound.

"I can't think of anybody now, Republican or Democrat, who would say we would be better off without funding standards, vesting standards, fiduciary standards or limits on tax deductibility," he said. ■





Clockwise, from above left: former aides Russ Mueller, Theodore Rhodes and Michael Gordon



PIPER results . . .

Continued from page 17

For the three years ended June 30, the PIPER median special equity fund brought in a 10.8% time-weighted total return on investment, equaling the S&P's return.

Leaders for the three-year period were Security Pacific in Los Angeles, with a 33.2% return on its

PIPER

Growth Fund G.

Citibank's Real Estate Stock Fund, with 20.5%, and Provident National Bank in Philadelphia, with 20.2% on its Special Equity Fund, took second and third places, respectively.

For the five years ended June 30, California First Capital Management in La Jolla, Calif., took the winners' laurel. Its Supplemental Equity Fund's time-weighted total return for the period was 38%.

The median fund for the five years came in at 16.8%, while the S&P for that period performed at 14%.

Kenneth McCain, vice president, manages the $27 million fund at California First Bank's investment subsidiary. He has been managing that portfolio for the past six years.

"Because the fund is a supplement to overall equity funds, we have primarily designated it an aggressive equities fund," he explained.

"We look for growth, earnings acceleration and management in companies that can get revenues to the bottom line in rapid fashion," Mr. McCain said.

The fund has an 80% exposure to technology stocks, he said. "We're very selective about what we own in technology issues. Technology is a very misunderstood word.

"We avoid owning any box companies, and look for specialized technology companies, instead," he said. **Cray Research**, was one such stock, he added.

The remaining 20% includes such issues as specialty retailers, **Toys "R" Us**, and containerized cargo companies such as **Sealand Corp.**, he added.

Northern Central Bank in Williamsport, Pa., was second for the five years, with a time-weighted total return on its Special Equity Fund of 26.1%. Third for the period was Norwest Bank Minneapolis with its Specialized Investment Fund returning 24.7%.

Again for the 10-year period ended June 30, California First Capital Management held the lead, with a 22.2% time-weighted total return on investment.

The PIPER median special equity fund returned 15.4% and the S&P 500 11.3% for the same period.

Chase Manhattan's Special Equity Fund was second for the 10-years, showing a total return of 20.4%. Third was the Supplemental Equities Fund of Bankers Trust of New York, with a 19.9% time-weighted total return. ■

ITA October 18 meeting planned

NEW YORK — Fischer Black of Goldman, Sachs & Co. and Eugene Farma of Dimensional Fund Advisors will share their views on the efficiency of the capital markets at the Investment Technology Association's Oct. 18 meeting.

Jack Treynor, of Treynor-Arbit Associates, will serve as moderator.

Messrs. Black and Farma, former finance professors, also will talk about how their perception of the capital markets has changed as a result of their investment management experience.

The meeting will be at 3:30 p.m. at 71 Broadway, New York. ■

Endowments top indexes for 2nd quarter

NEW YORK — Endowments and foundations outpaced the Standard & Poor's 500 stock index as well as the Salomon Brothers High-Grade Corporate Bond Index in the second quarter.

According to the latest numbers released by Colonial Consulting in New York, endowments and foundations were down 1.9% for the quarter ended June 30.

At the same time, the S&P dropped 2.6% and the Salomon index dipped 4.6%.

Colonial tracks the performance of 78 endowments and foundations whose assets total $7.7 billion. In the second quarter, the funds had an average 61% stake in equity.

While endowments and foundations beat both indexes for the three-month period, the picture changes for longer time horizons.

The two types of funds generally have trailed the S&P, but have outpaced the Salomon benchmark.

For the latest six months, Colonial's endowment and foundation index was down 5.6%. Moreover, it declined 5.4% for the 12 months through June 30. For the five-year period, however, the index gained 12.8%.

The S&P for these respective periods produced declines of 5% and 4.7% and a gain of 13.9%. In addition, the Salomon index dipped 5.9% for the six months and 6.3% for the year-to-date, but gained 4.3% for the five years.

For the three years, however, the Colonial numbers put endowments and foundations ahead of the S&P's 10.7% uptick, with an annualized return of 11.3%.

That gain, however, was virtually 200 basis points behind Salomon's 13.2% rise.

John Goodrich, Colonial's president, noted while endowments and foundations outperform one of the benchmarks, overall they are producing higher relative longer-term performance while maintaining a low risk level.

For example, the two types of tax-exempt funds have maintained an average beta of 0.77 for the three and five years through June 30. The average standard deviation for these periods is 7.1 and 6.8, respectively.

"What this says to me is that the funds are managing their money better," in terms of asset allocation as well as security selection, he said.

This is evidenced in part, Mr. Goodrich said, by the higher relative bond returns achieved by the tax-exempt funds, which historically have taken a balanced posture on investments.

Endowments and foundations "are moving away from long-term bonds into intermediate issues and high levels of cash and equivalents," he said. As a result, they are producing better returns than the Salomon index.

Still, one problem that continues to plague endowments and foundations is their failure to outpace the Consumer Price Index. Since the inception of Colonial's data base Dec. 31, 1971, the endowment and foundation index has had a 6.4% annualized rate of return, while the CPI has increased 7.6%.

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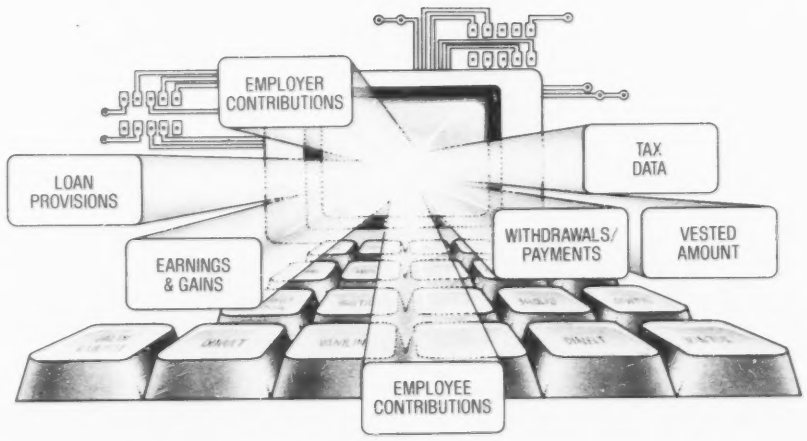

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U.S. report claims union officials tried to force benefit-fund merger

By Joel Chernoff

WASHINGTON — Officials of the Hotel Employees and Restaurant Employees International Union with reported links to organized crime tried to coerce union locals to merge their pension and welfare funds with the international funds, a federal report claims.

The report by the Senate Permanent Subcommittee on Investigations is the result of a three-year investigation. It recommends toughening the Labor Management Reporting and Disclosure Act of 1959 and the Employee Retirement Income Security Act of 1974.

The subcommittee found Chicago mob interests "have exerted substantial influence over the affairs of the international union," said Sen. William V. Roth Jr, R-Del., the subcommittee chairman.

In addition, Local 54 in Atlantic City, N.J., is controlled by organized crime, and Local 226 in Las Vegas and Local 30 in San Diego have been influenced by organized crime interests, Sen. Roth said.

"It is the hard-working men and women of this country who are being hurt by welfare plans that are either poorly run or run by corrupt individuals," said Sen. Warren Rudman, R-N.H.

As of Nov. 30, 1982, the international union's welfare fund had $7.8 million in assets while pension assets totaled $90.3 million.

The Senate subcommittee report also lambasted two locals for having "outrageously excessive" administrative costs for their dental plans, amounting to between 40% and 45% of annual expenses. In the case of Local 54 of Atlantic City, "part of these excess costs are being kicked back to organized crime figures," the report alleged.

In addition, the subcommittee criticized the Department of Labor for having "no effective system to monitor compliance with" ERISA. The report said reporting and disclosure forms required by the law "are of little or no use because they omit significant information such as full disclosure of vendors and subcontractors, and they are not uniformly reviewed nor catalogued by DOL."

A Labor Department spokesman said the department is conducting criminal and civil investigations of employee benefit plans maintained by units of the international union.

In 1977, the department reached a settlement with the pension trust fund of one such unit, the Southern Nevada Culinary (Workers) and Bartenders. That settlement required an independent asset manager be hired to handle the fund's real estate assets.

The department had charged loans were made imprudently to two companies owned by Morris Shenker, a St. Louis attorney who allegedly has close ties to organized crime. There is still litigation pending against Mr. Shenker and Ben Shmoutey, a fund trustee.

The subcommittee also threw a barb at the House of Representatives, which the report said has failed to pass the Labor Management Racketeering Act, although the Senate has approved the bill four times. That bill would make it easier to remove convicted union, management and employee benefit plan officials.

The report closely ties Edward Hanley, the hotel workers' union president, with organized crime figures, principally in Chicago. Earlier this year, Mr. Hanley refused to answer questions concerning the subcommittee's allegations, invoking the Fifth Amendment protection of not incriminating himself. Thirty-four individuals asserted Fifth Amendment privilege during the investigation, the report said.

According to federally protected witnesses, Mr. Hanley sought to gain control of the local funds at the direction of Chicago organized crime bosses.

One such witness, Joseph Hauser, who took part in setting up fraudulent insurance schemes involving the international union's health and welfare plan, testified, "They were concerned about how to control the money, what kinds of loans to make which would look good and still allow them to get money under the table."

At a 1973 meeting discussing how Mr. Hauser would obtain the fund's business, "Mr. Hanley emphasized that the 'Chicago mob was involved here' and had to be taken care of. I told him there would be a millions (sic) in premiums, enough for all," Mr. Hauser testified.

Herman Leavitt, the union's general secretary-treasurer who Mr. Hauser said was involved in the scheme, denied the allegations before the subcommittee.

A similar scheme involved the union's pension fund, according to witness Charles Allen. He testified he was present when Mr. Hanley said the union would "be able to loan out that money just like the Teamsters do, and there would be a hell of a lot of money on finder's fees."

Before the subcommittee, Ralph Natale, a union official whom Mr. Allen said was part of the plan, denied Mr. Allen's allegations.

In particular, the report cited two instances of mergers of local health and welfare plans into the international plan, despite the resistance of local union officials.

"Since 1974, continuous pressure has been placed upon the leadership of various locals (primarily the larger ones) to merge their funds," the report said. "In this regard, the subcommittee has learned of occasional threats and violence, and of the use of trusteeships and other procedural devices to achieve Hanley's desired goal of maximum participation."

Mr. Hauser testified, "In order to get locals around the country to comply, it was important that the international get control of the funds of what was at the time the largest Hotel Workers local in the country, Las Vegas."

According to the report, the late Elmer "Al" Bramlet, head of Las Vegas Local 226 of the Culinary Workers Union, opposed merging the local's benefit funds with the international's in 1973, a year before the international plan was created. A plan was devised to have Mr. Bramlet "sign over the health and welfare plan business to Al Pilotto, a known La Cosa Nostra figure who was allegedly acting on behalf of the Chicago mob," the report said.

According to Gramby Andrew Hanley (no known relation of Edward), who later was convicted of Mr. Bramlet's murder, Mr. Bramlet refused. Gramby Hanley also claimed a Las Vegas "enforcer" once knocked Mr. Bramlet off a bar stool, breaking several ribs and warning him he would be killed if he failed to cooperate.

After numerous disputes concerning payoffs, Mr. Bramlet was killed in early 1977. Following his death, Ben Schmoutey assumed control of the union local, and its health and welfare trust was merged into the international union's fund.

Other local health and welfare trusts, including that of Local 100 in New York, were merged into the international fund.

Several persons told subcommittee investigators that Edward Hanley was involved in pressuring this and other mergers, but other union officials have denied those allegations. ■

Glut of office . . .

Continued from page 5

downtown Manhattan, the vacancy rate in June was 6.6%.

Jim Nugent, first vice president with Coldwell Banker Capital Management Services, said rents in New York City used to be "going through the sky. Then, they flattened out, just like that." He said buildings are under construction in New York, and there could be additional vacancies.

Experts differ slightly about where to put the blame for the vacancies, but developers, banks and insurance companies are named most often.

According to the experts, developers have an insatiable appetite to build buildings as long as they can get the money.

Some banks, in turn, have money they are greedy to lend out for construction loan rates, five or more points above the bank prime rate.

Sometimes a developer will get a commitment from an investment fund if he builds a particular building and fills it with a certain percentage of tenants.

With the commitment in hand for permanent or take-out financing for a building, the developer runs to the bank and asks for, and gets, a loan. At the time the loan is made, vacancies are not plentiful. But when the building is finished, two or more years later, the vacancy rate is high and the developer can't get the percentage of occupants needed.

The officers of the investment fund then say they won't buy or provide permanent financing because, they tell the developer, of the high vacancy rate. The developer cuts rents, makes improvements and might even give two years' free rent on a five-year lease to get the tenants.

To keep tenants, buildings owned by pension fund investors keep rental rates flat or lower them or make other concessions to the tenant. Meanwhile, income on the fully occupied building drops or doesn't increase as fast as expected when the fund first bought the building.

Commenting on the oversupply, Coldwell Banker's Mr. Nugent said, "Sometimes the judgment isn't the best. People think banks and insurance companies don't make mistakes, but sometimes they make beauties."

Mr. Nugent said while rents are flattening in some cities, his company's investments are almost unscathed because they are generally investments in smaller office buildings. He said the big vacancies are often in the big office buildings.

Some real estate experts blamed insurance companies along with the banks. They said the banks and insurers get money they need to invest somewhere and will give low construction loan rates so the insurer can get 50% equity on a building.

One leading investor said some insurance companies make commitments to provide permanent financing, but then try to legally "wiggle out" of deals when the building is nearly completed.

Insurance companies deny this. One consultant said some pension fund investors don't like the re-entry into the real estate market of banks, insurance companies and syndicators.

Even though real estate professionals compare the current market to that of the mid-70s, at least one expert isn't worried.

Mr. Ballard noted it was in 1974-'75, when he was with Prudential Insurance Co. of America, that he made some of the best buys in real estate. He said there are good buys out there now for the people who know how to find them.

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Pensions & Investment Age

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Wall Street's Winners

Wall Street's Winners
Wall Street's Winners

Broker survey story — page 3

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Midcon boosts equity managers

By Barry B. Burr

LOMBARD, Ill. — Midcon Corp. has increased its stable of equity managers while reducing the variety of stock it owns.

David J. Dykstra, manager-insurance and pensions, said Midcon added three equity managers, doubling the number of its equity managers. "Yet, we reduced the number of stocks by 20% and reduced the like holdings of managers by 50%," he said.

"By adding the three extra managers, I would assume we would have increased our holdings," he said.

In July, Midcon completed the reshuffling of its $175 million in pension assets, a move prompted by poor performance and a desire to diversify.

In addition, Midcon hired two more bond managers. One is Dimensional Fund Advisors Inc., Chicago, which was hired for its inflation hedge fund, composed of short-term bonds ranging in maturity from about 30 days to a year. The other is Eberstadt Asset Management Inc., New York, hired for its high-yield bond strategy.

Charles G. Freund, Midcon vice president, secretary and treasurer, likes to refer to the latter investments as "junque" bonds, a variation on the popular lingo for the low-rated bonds.

During its nine-month restructuring, Midcon hired four new equity managers, retaining one existing active adviser and one passive manager, and firing two. It also

MIDCON CORP.

hired three bond managers, replacing one other.

For equities, it hired one low price-earnings ratio and high-yield manager — Sanford C. Bernstein & Co., New York; one market timer with a conservative portfolio of low P/E stocks — Century Capital Associates, New York; and two aggressive growth managers — Provident Investment Counsel Inc., Pasadena, Calif., noted for its selection of high P/E, high growth rate and low dividend yield stocks, and BMI Capital Corp., New York, known as

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Late news

Lawyers' Co-op shifts

ROCHESTER, N.Y. — Lawyers' Cooperative Publishing Inc. switched to a multimanager system from its sole manager, said Seymour Fogel, vice president-finance and treasurer.

Previously, the bank's only manager was Lincoln First Bank, Rochester, which has decided to quit active management, Mr. Fogel said.

Continued on page 4

Pensions & Investment Age

$330 million loan for NYC venture

GE to get up to 13.5%

Photo by Arnie Adler

757 Third Ave., New York, is one of eight buildings on which ...

By Mark Westerbeck

NEW YORK — The General Electric Pension Trust will receive a fixed return of 13.25% to 13.5% on $330 million it lent to First Winthrop Corp. to finance the acquisition of 19 New York City properties.

Under the deal made last January, the pension fund has an option to acquire a half-interest in eight of those properties in 13 years.

The group acquisition of the generally prime Manhattan real estate got much attention when the John D. and Catherine T. MacArthur Foundation sold the property last January to First Winthrop, a major privately held Boston syndicator (*Pensions & Investment Age*, Feb. 6).

Winthrop regularly has used the $12 billion General Electric Co.'s pension fund as a source of financing for its equity offerings to tax-motivated individual investors. This project was Winthrop's largest and its first venture into New York City.

GE got involved in this extraordinarily large and complicated convertible mortgage on the strength of its highly regarded management: A pioneer in real estate investment among pension funds under the direction of Frank X. Tansey, GE is the largest pension fund to run its realty operation in-house.

The 19 commercial properties, primarily office buildings, hold more than 4.5 million square feet of rentable space and were 90% leased when the prospectus on the syndication offering was being prepared in April.

The MacArthur Foundation was forced to sell the choice real estate to comply with a federal law prohibiting more than 20% ownership in a company's stock. The properties were owned by Bankers Life & Casualty Co., the foundation's sole asset.

The properties are held in two private partnerships with a combined capitalization of $757.4 million, chiefly the $336 million the current offering will raise and the $330 million acquisition loan provided by GE. In all, the deal includes mortgage debt, equity to be raised and the deferred portion of the purchase prices.

One of the private placements, the investor partnership called 1626 New York Associates Limited Partnership, seeks to raise the $336 million in equity by selling 1,344 units at $250,000 each. This investor partnership serves as general partner to the operating partnership, which owns the 19 properties.

The $330 million in financing from the GE fund is secured in the investor partnership by notes on eight of the better properties in the portfolio: 757 Third Ave., 410 Park Ave., 1 Gulf & Western Plaza (better known as the Gulf & Western Building, on Columbus Circle), 535 Fifth Ave., 545 Fifth Ave., 61 Broadway, 1372 Broadway and 366 Madison Ave. These also are the buildings on which GE holds the conversion option.

The total acquisition package involved:

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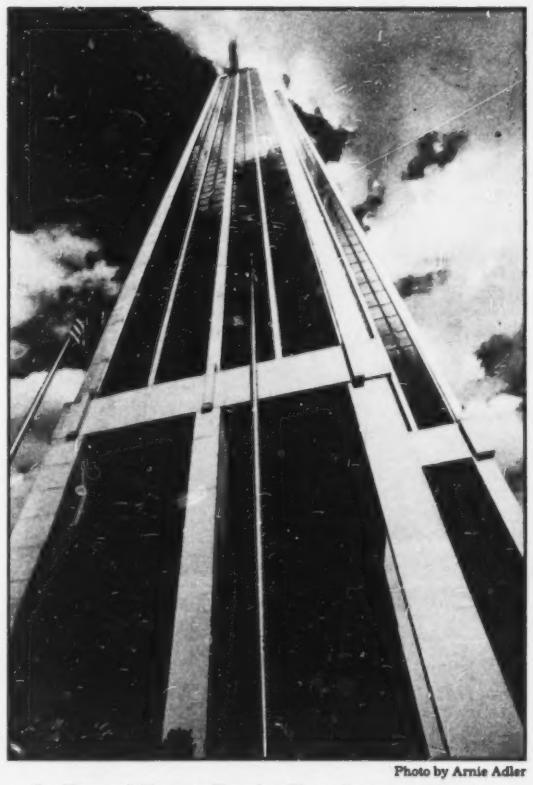

Photo by Arnie Adler

... the General Electric Pension Trust has an option to acquire half-interests. Also among the buildings is 1 Gulf & Western Plaza

Goldman tops brokerage survey

By Kimberly Blanton

NEW YORK — Goldman, Sachs & Co. nudged out Salomon Brothers Inc. as the brokerage firm rated highest by institutional investors for its stock and bond research and trading prowess.

Goldman, Sachs garnered the most points — 259 — from the 85 investment firms that responded to *Pensions & Investment Age*'s annual survey of how the brokerage firms rated in 1983 on four financial services: stock and bond trading and research.

Salomon Brothers chalked up 245 points; Merrill Lynch Capital Markets, 240; and First Boston Corp., 102. (The rating is scored by assigning three points to firms named as a first choice, two for second and one for third choice.)

Goldman, Sachs and Salomon Brothers traded spots in 1984.

In the survey conducted last year, Salomon ranked first and Goldman, Sachs, second (*P&I Age*, Sept. 19, 1983).

New names appeared this year among the top three firms in each of the four separate categories in which the brokerage firms were rated: equity research and block trading and fixed-income research and trade execution.

The same system of assigning points was used.

Merrill Lynch and Goldman, Sachs maintained their first and second rankings for equity research, but Donaldson, Lufkin & Jenrette Securities Corp. stole third from Morgan Stanley & Co. Inc. Morgan Stanley ranked third in equity research in the 1983 survey but arely was mentioned this year.

Other firms that received first-choice mentions in equity re-

Continued on page 19

Medford move avoids use of assets in takeover

By Kimberly Blanton

MEDFORD, Ore. — Medford Corp. amended its pension plan charter to preclude any use of its $17 million in case of a takeover just prior to accepting an Amalgamated Sugar Co. offer to purchase the firm.

Medford made two basic changes to its charter that can't be reversed without approval from the plan's 1,000 participants, said Ronald Parker, Medford's treasurer. The first amendment, made Aug. 3, awards all excess assets to the plan's participants in case of termination.

On Sept. 4, Medford changed the plan's charter so if in-house staff invests the assets, no more than 3% can be invested in a company affiliated with Medford.

After resisting one takeover threat from Amalgamated Sugar, a company controlled by Texas financier Harold Simmons, Medford's board endorsed a tender offer for $44 a share for the rest of its stock. Amalgamated reportedly already owned more than 30% of Medford's stock.

The first takeover threat prompted Medford to take "steps to ensure none of our pension assets could be used by Simmons or anyone else," said Mr. Parker.

The investments of the Amalgamated Sugar pension fund have been restricted by the Labor Department, which charged Mr. Simmons used pension assets of companies he controls to gain control of other companies. In a settlement with the DOL, an independent fiduciary, Torray Clark & Co., was named.

Mr. Parker said he understands Amalgamated Sugar will finance the $110 million purchase with proceeds from a recent $90 million subordinated floating note issue and some equity securities it held in the corporate portfolio.

Phoenix thrift buys F.I.A. Associates

By Mark Westerbeck

SACRAMENTO, Calif. — F.I.A. Associates Inc., a low-profile real estate adviser to a few large public pension funds, is being sold to a Phoenix-based savings and loan association.

Pending the approval of the Federal Home Loan Bank Board, First Federal Savings & Loan of Arizona will acquire all F.I.A. stock from the lone shareholder, H. James Griggs, founder and board chairman.

The purchase price was not revealed.

Mr. Griggs has a seven-year contract to remain as F.I.A.'s head, and no changes in the firm are planned as a result of the buy-out.

The 59-year-old thrift, which went public in 1983, holds total assets of $3.8 billion and is not part of a holding company, although formation of one is under consideration.

Ten-year-old F.I.A. came of age in the pension business when the California Public Employees Retirement System became its first client in July 1981.

It is the sixth largest real estate adviser, with $1.41 billion invested in equity and hybrid debt chiefly for three full-time direct account clients.

Other jumbo-fund clients are the Teacher Retirement System of Texas and the Utah State Retirement Systems.

Part-time consulting and advisory relationships are held with the Ohio Teachers Retirement System and Kentucky Teachers' Retirement System.

The Pennsylvania State Employees' Retirement System has designated F.I.A. Associates' first closed-end fund for investment *(see story on page 5)*.

The success of F.I.A. is due largely to the legendary marketing talents of Mr. Griggs, according to competitors.

No one would talk about the competition for attribution, but one real estate manager observed: "F.I.A. is a success because Griggs is one hell of a (public relations) man, a phenomenal PR man."

"He knows how to wine and dine and from the nuts and bolts, become the peoples' best friend," the manager said.

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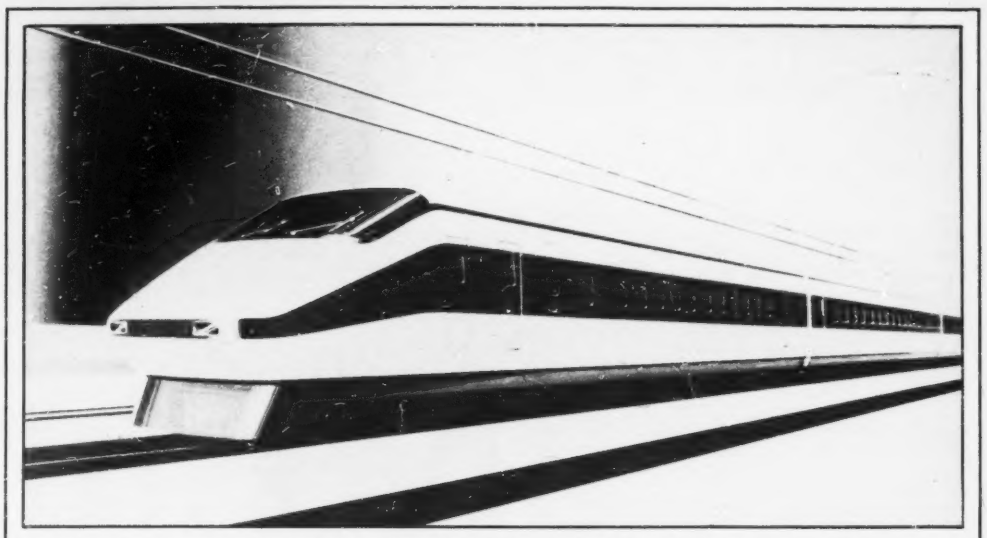

Pension funds are being approached to invest in a private stock offering by American Highspeed Rail Corp. for its proposed Los Angeles-to-San Diego high-speed train. About $3 billion in financing is contingent on raising $50 million from the stock offering.

Cash flow tight at Deere

Plan in holding pattern

By Rose Darby

MOLINE, Ill. — Deere & Co.'s plans to reduce its salaried work force will not significantly affect its $1.5 billion pension fund even though cash flow is tight, said Carl Liebscher, director of investments.

Deere's investments in alternative vehicles, such as venture capital and real estate, have been curtailed, however, since the pension fund reached a "break even" point between assets and liabilities.

"We had been increasing our venture capital and real estate investments, prior to the problem. But now we're in a holding pattern," he said.

"In the past, our method of moving money from one area to another was easy. It's not easy now, but we can still do it. We just have to do it with dividends and interest, though."

Thus, while the Deere fund won't be terminating any money managers or selling off investments, "we won't be making any asset allocation moves of any kind," Mr. Liebscher concluded.

The company is reducing its work force by 1,000 employees through layoffs and an early retirement program.

The cost of the program and earlier pension plan changes produced a tight cash flow situation in which assets and liabilities are evenly matched with one another, he explained.

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Tacoma fund hires, moves into realty

By Steve Hemmerick

TACOMA, Wash. — The Tacoma Employe City Retirement Fund increased its money managers to five from two, placed almost 40% of its $109 million in assets with the new managers and invested in equity real estate for the first time.

It also hired Wilshire Associates, Santa Monica, Calif., as consultant. Previously, the fund used Frank Russell Co., Tacoma.

The switch was made after the pension fund placed $24 million with a separate Russell company, the Frank Russell Trust Co., also based in Tacoma. It put $19 million in the trust company's Equity Fund 1 and $5 million in its Real Estate Equity Fund.

In addition, it hired Provident Capital Management, Philadelphia, as an equity manager, giving it $10 million, and Security Capital Real Estate Corp., New York, giving it $5 million.

Patricia Pabst, retirement fund manager, said the moves were made to diversify the fund and increase its return. The fund kept its

Continued on page 70

Late news

Continued from page 3

The bank's Lincoln Alliance Trust was retained for equity.

The fund had nearly $60 million as of December 1982, according to the Money Market Directory. Mr. Fogel declined to reveal more recent figures.

To run equity accounts of undisclosed size, the fund hired Meridian Management Co., Little Rock, Ark.; Neuberger & Berman, New York; Rollert & Sullivan Inc., Boston; Frank Russell Trust Co., Tacoma, Wash.; and Fidelity Management Trust Co., Boston. Picked as fixed-income managers were Lowe, Brockenbrough, Tierney & Tattersall Inc., Richmond, Va., and The Putnam Advisory Co., Boston.

Two buildings bought

SAN RAFAEL, Calif. — The Marin County Employees Retirement Association paid $4.4 million for two research and industrial buildings in Sunnyvale, Calif., said Joseph Coffrini, retirement administrator for the $140 million fund.

DOL submits proposal

WASHINGTON — The Department of Labor has sent its draft proposal to define plan assets to the Office of Management and Budget for review. If approved, the rule will be published for comment.

Gruntal sets up shop

NEW YORK — Alan Rosenfeld, formerly director of Bayrock Advisors and senior vice president at Prudential-Bache Securities will head up Sterling Capital, a management firm being launched by Gruntal Financial Corp.

Gruntal Financial, a regional stock brokerage firm, hopes to lure both pension fund clients and individual accounts through Sterling Capital. Gruntal already has $50 million under management, of which $10 million is tax-exempt, through Gruntal Asset Management Group.

Sterling, a division of the asset management group, will be opening with at least $50 million in assets, according to David L. Okun, first vice president. Of that, $40 million is tax exempt.

George joins Wardley

NEW YORK — Deborah G. George has left Wertheim-Phillipe International as director of marketing to join Wardley Marine International Investment Management, where she will be marketing director.

The firm is owned by the Hong Kong & Shanghai Bank.

Late 'money movers'

• WAUKEGAN, Ill. — Keith A. Pope, treasurer for Outdoor Marine Corp., said the firm's pension fund has committed $4 million to the closed-end real estate pool run by Equitec Institutional Realty Advisers Inc., Oakland, Calif.

This first Equitec fund, scheduled to close at month's end, has about $28.5 million from four clients, including K mart and Nalco.

• LEXINGTON, Va. — The Virginia Military Institute has hired Lowe, Brockenbrough, Tierney & Tattersall Inc., Richmond, Va., to run a $12 million fixed-income account as part of a restructuring of its foundation, which functions as an endowment.

Fund officials refused to comment on the changes.

However, sources confirmed several other changes. Capitoline Investment Services Inc., Richmond, Va., was changed from a balanced manager running $16 million to straight equity with $7 million. Also Brundage, Story & Rose, New York, and Sovran Bank (formerly First & Merchants), Richmond, Va., were dropped.

• DALLAS — The Dallas Police and Firemen Pension Fund has decided to retain its present investment consultant, Eppler, Guerin & Turner Inc. after a lengthy search, according to plan administrator Jerry Hast.

The $210 million fund advertised for proposals in May and received several hundred requests from interested bidders.

• DECATUR, Ill. — The $60 million NECA-IBEW Pension Trust Fund has placed $3 million in Union Labor Life Insurance Co.'s separate mortgage 'J' account.

Larry Lawler, fund manager, said the reason the pension fund placed the assignment with Union Labor is because the 'J' account stands for jobs and construction. "The central fact is that not only do you get a good return but it puts people to work," he said.

All of the fund's assets are entirely in fixed income and overseen internally.

• BOCA RATON, Fla. — The Boca Raton Police and Firefighters Pension Plan hired Investment & Capital Management Corp., Tampa, to manage its $9.5 million pension fund in a balanced account.

The fund terminated Investment Counsel Co., Orlando, reportedly due to performance concerns.

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Business explodes with rising interest rates

Portfolio dedications estimated at $10 billion

By Barry B. Burr

CHICAGO — Attracted by interest rates turning up, pension funds this year have moved an estimated $10 billion into immunized and dedicated bond portfolios.

So far in 1984, *Pensions & Investment Age* has reported that 16 such portfolios have been set up, totaling more than $2.7 billion (see accompanying chart listing 15 of them). But the reports belie the extent of the move to dedication and immunization; many more have gone unreported.

"The total immunization and dedication this year was probably at least $10 billion," said Robert Rabb, vice president-fixed income, Wilshire Associates, Los Angeles.

At First Boston Corp., T. Barrett Moore, vice president-fixed-income research, didn't have any estimate of the market size, but said, "This business has exploded in the last year and a half as interest rates have risen."

At Salomon Brothers Inc., Martin L. Leibowitz, managing director, added, "There's no question there's significant broad-based activity in dedication and immunization."

Wilshire, one of the most active firms in the field, said it alone was involved in several immunizations and dedications this year, totaling almost $2 billion.

First Boston, another active firm, said it acted as an adviser in setting up the bond portfolios this year of more than 36 pension funds. Mr. Moore said the portfolios range from less than $5 million to more than $500 million. In all, they amount to several billion dollars, he added, declining to be specific.

At Salomon Brothers, Mr. Leibowitz declined to give details on Salomon's pension fund clients, saying only the number has been "in the manys." It set up prob ably the largest of the year, a $1.1 billion dedicated bond portfolio by Chrysler Corp.

Morgan Guaranty Trust Co. immunized or dedicated six portfolios, totaling $941 million.

Oppenheimer Capital Corp. said it set up so far this year three dedicated bond portfolios, worth in total $125 million. Kenneth D. Brown, vice president-fixed-income investments, said one was a $100 million portfolio for a Taft-Hartley pension fund.

At Alliance Capital Management Corp., Jeffrey B. Pantages, vice president, said the firm set up one such portfolio this year and has others under negotiation. Sources said Alliance set up a $216 million combination dedication/immunization bond portfolio for the National Intergroup Inc. pension fund. Both Alliance and National declined to comment.

Chase Investors Management Corp. has immunized or dedicated portfolios totaling $150 million for four pension funds, said Ned Gerstman, investment officer. For Reynolds Metals Co. and Ceco Corp., Chase used immunization techniques. For two other pension funds, it used dedication.

Gifford Fong Associates, Lafayette, Calif., has done dedications and immunizations "well into the billions" for pension funds this year, said its president, Gifford Fong. One of its largest was a $350 million multiperiod immunization bond portfolio set up recently for Armco Inc.

Another pension fund, Mobil Oil Corp., is planning a dedication with the help of U.S. Trust Co., although neither of the principals commented.

There has been other activity in dedication and immunization as well. Besides first-time use, a number of pension funds have added to previously dedicated or immunized portfolios.

Continued on page 72

Reported dedications and immunization in 1984

Pension fund	Type of bond portfolio	$ millions	Manager of portfolio
Bethlehem Steel Corp.	dedicated	700	in-house[a]
Brockway Inc.	immunization	40	Mfg. Hanover Invest. Corp.
Ceco Corp.	immunization	10	Chase Investors Mgmt.
Chrysler Corp.	dedicated	1,100	not yet selected[a]
Colt Industries Inc.	dedicated	300	in-house[a]
Dayton Hudson Corp.	immunization	16	First Wisconsin Trust and First Chgo. Invest. Advisors
GATX Corp.	dedicated	175[a]	Minton/Newbold's Capital Mgmt.
Johnson Controls Inc.	immunization	4	First Wisconsin Trust
McGraw-Edison Co.	immunization	43	Morgan Guaranty Trust
Mobil Oil Corp.	NA	NA	NA
National Intergroup Inc.	horizon matching	216	Alliance Capt. Mgmt. Corp.
Ohio Casualty Group	immunization	20	in-house
Peabody Holding Co.	immunization	11	First Wisconsin Trust
PPG Industries Inc.	dedicated	80	Pittsburgh National Bank
Stanley Works	immunization	NA	not yet selected

[a] less than
[b] set up by Salomon Bros.
[c] set up by First Boston Corp.

Is emphasis on returns misdirected?

By Fred Williams

DALLAS — Money managers are facing increased short-term performance pressure, much of it self-imposed because of a feeling of competition rather than because pension fund sponsors are out for a quick profit.

Pension fund executives say they grant, either expressly or through generally accepted procedures, the premise that a manager should have at least a complete market cycle, three to five years, to prove his worth.

The only barrier to that time frame is if there are changes in personnel at the investment firm or a change in the fund's investment philosophy.

Pension fund executives claim that, by and large, they do not make decisions on either retaining or firing managers based on quarterly results.

But the executives do monitor carefully performance at least quarterly to make sure the manager stays on the course agreed upon.

"From our standpoint, we do let people go, but we deliberately try to avoid a quarter-by-quarter pressure on our managers, and we also want to be careful about telling managers how to do their business," said Harry Vernon, assistant vice president at Minnesota Mining & Manufacturing Co.

"We believe we give them a fair amount of rope . . . We are are not looking over their shoulders, but we want them to understand that, over the long term, there will be a day of reckoning," Mr. Vernon said.

Pension executives claim the objectives of funds should be long term, but that should not prohibit them from taking advantage of short-term benefits in the marketplace.

Edwin Callan

Roy Schotland

Eugene C. Sit

"Our investment strategy regarding the pension fund is much

Continued on page 68

Carnation fund won't sweeten Nestle coffers after acquisition

By Rose Darby

NEW YORK — The acquisition of Carnation Co. might greatly enhance Nestle S.A.'s U.S. market presence, but Carnation's pension fund won't add anything to the deal.

Carnation has roughly $150 million in a defined contribution plan, according to the Blue Book of Pension Funds. Officials at Carnation did not return phone calls.

According to one Nestle spokesman, Carnation most likely will run its pension fund independently. This is the case with all of Nestle's U.S. umbrella companies — Stouffer's, Libby's, Beechnut and Alcon.

Pension funds and investment managers who held Carnation stock before the proposed $3 billion acquisition by Nestle, did so because of the company's sterling fundamentals rather than because of its attractive takeover possibilities, according to a sampling of shareholders by *Pensions & Investment Age*.

"We held it because of the fundamentals of the company," said Donald Cruse Jr., vice president of Society Corp. in New York. He oversees investment of the roughly $10.6 million in employee benefit funds.

"We held a lot of food stocks and still do. We just got lucky with this one," he added. "We didn't think of it as a takeover candidate."

Portfolio managers at Aetna Life & Casualty bought Carnation for sound fundamentals, too, said Ralph Tate, vice president of portfolio management, who manages roughly $2 billion. "In active accounts there are roughly 100,000 shares," he added.

The Carnation stock was purchased in the $60 range. At that level, "it looked cheap on our valuation system," he explained. "Carnation was one issue where the value was there. It had a discounted price-earnings ratio and good earnings."

Mr. Tate conceded there was added interest to Carnation for qualities that also could make it a takeover possibility.

During the past 12 months, not much has happened in terms of real performance except in companies that are restructuring, he pointed out.

"It is almost impossible to know enough about a deal ahead of time, but you look where there are real supporting values," he added.

Such was clearly the case with Carnation stock, he said.

"The reason we bought it was we'd been doing a lot of work on excess cash flows and relating that to the market capitalization and debt of companies," said Michael Wolf, vice president of IDS/American Express Inc., which held about 248,200 shares of Carnation stock for clients June 30.

Carnation was a company with such an excess cash flow, he added. "We were trying to develop a case for corporations that develop a lot of cash flow beyond corporate spending and dividends," Mr. Wolf said.

While there was no hint that Carnation would be a takeover target, "we knew that companies doing this (developing high cash

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Pennsylvania builds up real estate

By Mark Westerbeck

HARRISBURG, Pa. — The $4.3 billion Pennsylvania State Employees Retirement System increased its growing stable of real estate managers, committing up to $30 million each to pooled funds of F.I.A. Associates Inc., JMB Institutional Realty and Security Capital Real Estate.

The state system can't have more than a 20% stake in any of the pooled funds. These commitments join additional funding and commitments made early this summer to previously hired managers. Altogether, assets committed to real estate total $361.7 million, or about 8% of assets.

The latest commitments are for F.I.A.'s first closed-end fund, JMB's third closed-end pool and Security Capital's only open-end fund.

Real estate

The amounts funded during the summer included $20 million to Aetna Realty Investors Inc.'s open-end fund; $10 million to Prudential Asset Management Co.'s mortgage pool MORISA; and $10 million to John Hancock Mutual Life Insurance Co. Another $10 million was committed to acquiring shares of Corporate Property Investors, a real estate investment trust.

In addition to the potential $90 million committed to the new advisers, the Pennsylvania fund's allocations are $44.7 million to the Philadelphia Savings Fund Society for participating mortgages; $86.5 million to Aetna (previous funding was to closed-end equity and mortgage funds); $45.9 million to Corporate Property Investors; $44.1 million to Hancock; $30.5 million to Prudential; and $20 million to Equitable Real Estate Investment Management for a closed-end account (*Pensions & Investment Age*, Aug. 2, 1982, and March 5, 1984).

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Top brokers . . .

Eighty-five investment firms responded to Pensions & Investment Age's annual survey of brokerage firms. Institutional investors were asked to rate the firms on four financial services, stock and bond trading, and research. Ratings were scored by assigning three points to firms named as a first choice, two for second, and one for third choice.

Institutional use of brokers

Total brokerage commissions paid by investment managers in 1983:

Aggregate:	$176,559,000
High	25,000,000
Median	1,300,000
Low	73,000

Trading costs per share in 1983:

High	30.0¢
Median	12.2
Low	3.5

Brokerage firms that received the most in fees from respondents in 1983:

Salomon	$11,647,240
Prudential—Bache	8,993,733
Morgan Stanley	7,216,360
Merrill Lynch	4,715,731
Smith Barney	1,713,919

Number of brokerage firms used by one investment manager:

High	400
Average	42
Low	3

How brokers rate on research and trade execution
(mentions)

Most often named 1st	Most often named 2nd	Most often named 3rd
Best equity research		
Merrill Lynch (16)	Merrill Lynch (13)	Kidder Peabody (7)
Goldman, Sachs (15)	Goldman, Sachs (12)	Merrill Lynch (7)
Dean Witter (5)	Donaldson, Lufkin (7)	First Boston (5)
Donaldson Lufkin (5)	Kidder Peabody (5)	Sanford C. Bernstein (4)
Kidder Peabody (4)	Paine Webber (4)	Goldman, Sachs (3)
Paine Webber (4)	Prudential—Bache (4)	Donaldson, Lufkin (3)
Best equity trading		
Goldman, Sachs (33)	Salomon (21)	Merrill Lynch (14)
Salomon (7)	Merrill Lynch (10)	Salomon (9)
Morgan Stanley (7)	Goldman, Sachs (10)	Goldman, Sachs (7)
Merrill Lynch (6)	Jefferies (4)	Jefferies (5)
Jefferies (4)	Dean Witter (3)	Shearson Lehman (5)
	First Boston (3)	
Best fixedincome research		
Salomon (16)	Salomon (15)	First Boston (10)
Merrill Lynch (11)	Merrill Lynch (10)	Goldman, Sachs (6)
First Boston (9)	Goldman, Sachs (6)	L.F. Rothschild (4)
Goldman, Sachs (3)	First Boston (6)	Salomon (3)
Prudential—Bache (3)	Prudential—Bache (3)	Dean Witter (3)
		Merrill Lynch (3)
Best fixedincome execution		
Salomon (17)	Merrill Lynch (11)	Salomon (12)
Merrill Lynch (8)	First Boston (9)	Merrill Lynch (5)
First Boston (6)	Goldman, Sachs (8)	Goldman, Sachs (3)
Prudential—Bache (6)	Salomon (7)	Kidder Peabody (3)
Goldman, Sachs (5)		Shearson Lehman (3)
		First Boston (2)
Best regional brokerage firms		
Alex. Brown (8)	Alex. Brown (4)	Robinson—Humphrey (5)
Montgomery (6)	William Blair (4)	Montgomery (4)
Piper Jaffray (5)	Piper Jaffray (4)	Alex. Brown (3)
William Blair (4)	Hambrecht & Quist (3)	McDonald (3)
Hambrecht & Quist (3)	Robertson, Colman (3)	

Best stock market technicians	Best Wall Street economists
Robert Farrell, Merrill Lynch (12)	Edward Hyman, C.J. Lawrence (15)
John Mendelson, Dean Witter (12)	Gary Wenglowski, Goldman, Sachs (7)
Alan Shaw, Smith Barney (7)	Lacy Hunt, Carroll McEntee & McGinley (4)

Continued from page 3

search this year included Dean Witter Reynolds Inc., Kidder, Peabody & Co. and Paine Webber Inc., all garnering four or more first-place votes.

The three top firms and the order in which they were preferred for equity block trading were unchanged: Goldman, Sachs was first; Salomon Brothers, second, and Merrill Lynch, third. This year, Morgan Stanley was fourth. A Los Angeles firm, Jefferies & Co. Inc., took fifth.

First Boston gained in popularity for its fixed-income services. It took third place away from Goldman, Sachs in both fixed-income research and trading.

Goldman, Sachs, which picked up the most total points, actually fell to fourth place in both fixed-income research and trading.

Salomon and Merrill Lynch again ranked first and second, respectively, in both fixed-income research and trading.

For fixed-income research, Prudential-Bache Securities Inc. also had a respectable showing. It was the first choice of three firms and the second choice of three.

Prudential-Bache gained six first-place votes for its ability to execute fixed-income trades; Goldman, Sachs received five and Lehman Brothers Kuhn Loeb Inc., which Shearson/American Express acquired this year, received four.

Salomon brought in the most in equity trading fees from the investment firms surveyed. The firms range from the relatively small — those managing less than $100 million — to the mammoth — more than $10 billion.

They paid Salomon $11.6 million in trading fees, followed by Prudential-Bache, $9 million; Morgan Stanley, $7.2 million; and Merrill Lynch, $4.7 million.

The 85 chief investment officers who answered this year's survey paid brokers a total of $176.6 million in brokerage fees in 1983. In 1982, 59 firms paid $102.7 million in equity fees. Institutional investors used an average of 42 brokers, according to the results of the new survey.

The most paid by one firm for brokerage fees was $25 million; the median, $1.3 million; and the lowest, $73,000.

The investment firms reported paying slightly higher equity trading costs per share in the 1984 survey than they did in the 1983 survey. Firms reported paying a median price of 12.2 cents per share in 1983; 30 cents was the highest and 3.5 cents, the lowest. The median, high and low paid in 1982 were 13.4 cents, 35 cents and 1 cent, respectively.

Most firms thought brokerage fees would fall or remain the same in 1984. Thirty-five firms thought brokerage fees would not change and 32 thought they would decrease. Only 13 predicted increases and five did not comment.

Institutional investors held mixed opinions about whether the investment research the Wall Street firms provide has improved. Twenty-two saw slight improvements and 21 thought research quality had declined. Twenty said it had not changed and 22 did not comment.

Alex. Brown & Sons Inc. was the regional brokerage firm most preferred by institutional investors; it chalked up 35 points when scored for first, second and third preference.

Montgomery Securities ranked second, 28 points; Piper, Jaffray & Hopwood Inc. was third, 24; William Blair & Co. was fourth with 21 points; and Hambrecht & Quist Inc. was fifth with 17.

The investment firms surveyed also offered their opinions on Wall Street's best stock market technicians and economists and their predictions on where the stock and bond markets will be at the end of this year.

Edward Hyman of C.J. Lawrence Inc. once again was the most popular economist, picking up 15 votes. Gary Wenglowski, Goldman, Sachs's economist, was second with seven votes, followed by Lacy Hunt of Carroll McEntee & McGinley with four.

Most of those surveyed saw long-term interest rates hitting 13% to 14% by the end of 1984.

Robert Farrell of Merrill Lynch was by far the favorite stock market technician mentioned in 1983's survey, but he apparently now has some competition.

Mr. Farrell and John Mendelson of Dean Witter Reynolds each were the favorite of 12 firms this year. Alan Shaw of Smith Barney, Harris Upham & Co. Inc. received seven votes.

Predictions on the level the Dow Jones Industrial Average would be at year-end clustered around 1,200, but a few optimists predicted it would rise to 1,250.

These predictions were made before the recent run-up in the stock market.

Predictions made by institutional investors in last year's survey about where they thought the Dow Jones index would go by the end of 1983 were slightly optimistic. The median prediction put the Dow Jones at 1,305, but the index reached only 1,287.20 at its peak Nov. 29, 1983. ■

Corporate Finance

SDC: 'Oligopoly' corners shelf market

By Marci Baker

NEW YORK — Just six months after Rule 415 formally was adopted, shelf-registered securities made up virtually half the stock and bond offerings placed in the market.

What's more, a few of the top underwriters are getting an increasing share of that volume. Salomon Brothers Inc. has established a wide lead over the others in shelf-related market share.

In the first six months of 1984, $33 billion of stocks and bonds (including preferred stock and convertible bond and preferred securities) came to market in 647 deals. Of those, 46.6% were offerings taken off the shelf, according to data supplied by Securities Data Corp. in New York. Moreover, all but $654.7 million of the shelf deals were for debt securities.

While the first half of 1983 produced more overall volume — $59.1 billion in 1,128 deals — only 36.6% represented shelf-related issues. For the year, 37.9% of the $97.6 billion issued in 2,221 stock and bond deals were shelf offerings.

Moreover, SDC credits five investment firms with taking the lion's share — 82.9% — of total shelf-related offerings in syndicated and non-syndicated deals during the first half of this year, up from 75% for the same 1983 period.

SDC's numbers were tabulated according to offerings taken from the shelf, regardless of when an issuer filed under Rule 415. In addition, the data gives full credit to lead managers. Excluded from the data are issues done on a best efforts or auctioned basis, and all debt-for-equity swaps.

"There has been an extreme boom in shelfs, and that will continue," said Chris Pauli, vice president at Shearson Lehman/American Express. Speed and the ability to catch windows in the market are the key reasons for the popularity of shelf registration.

"The timing problems have been eliminated," said Thomas Cover, assistant vice president at General Motors Acceptance Corp., the financing arm of General Motors Co. "We're able to move much more quickly to take advantage of opportunities in the marketplace." GMAC recently filed a $1 billion shelf with the Securities and Exchange Commission.

Many issuers might be benefiting from lower financing costs as a result of shelf registration as well. A study by the SEC last year indicated companies saved 30 to 40 basis points on debt issued under Rule 415, compared with comparable issues sold under traditional methods (*Pensions & Investment Age* Nov. 14, 1983).

The rule, which became effective at the end of last year after a two-year testing period, allows issuers to preregister their debt and equity financing needs, then issue them from the shelf at their discretion during a two-year period.

As Wall Street observers predicted, however, the impact of shelf registration is reaching well beyond the benefits to issuers.

It has fueled the growing institutionalization of the market, more competition among investment firms and the breakdown of old-line investment banking ties, investment bankers noted. Plus, as the SDC figures show, it has led to most underwriting business being placed with an oligopoly of the largest investment houses.

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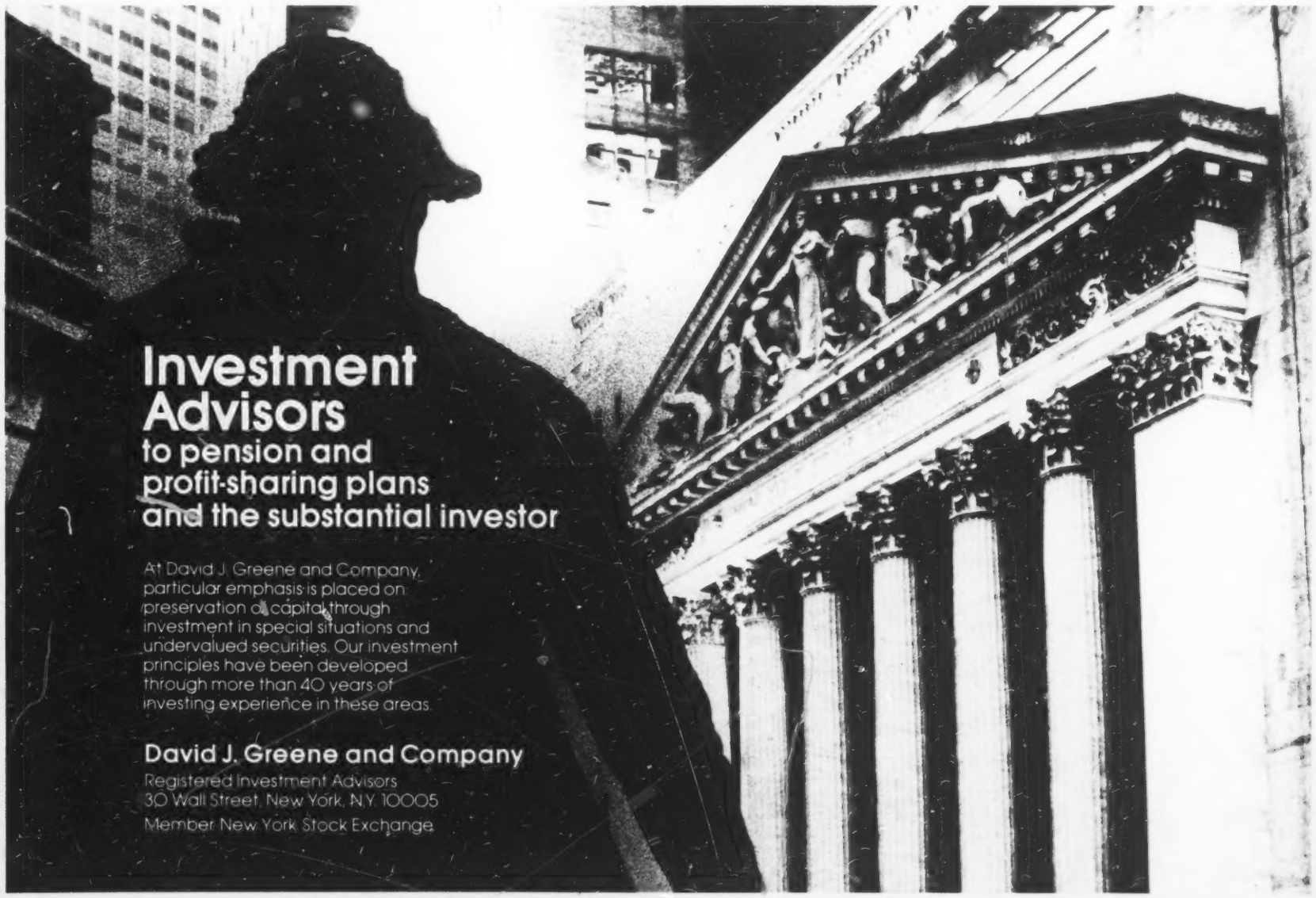
Top 10 managers: Shelf market share
(1/1/84 — 6/30/84)

Managers	All shelf issues* $ mil.	Issues	Syndicated* $ mil.	Issues	Rank	Non-syndicated* $ mil.	Issues	Rank
Salomon Brothers	5,704.9	34	4,539.6	24	1	1,165.3	10	1
First Boston	2,584.9	38	1,893.4	27	2	691.5	11	2
Goldman, Sachs	1,663.7	15	1,333.9	11	4	329.8	4	5
Shearson Lehman/Amex	1,530.8	23	1,384.7	18	3	146.1	5	7
Merrill Lynch	1,273.5	17	871.8	8	5	401.7	9	4
Paine Webber	705.5	7	486.6	4	6	218.9	3	6
Dean Witter Reynolds	684.3	3	199.3	2	7	485.0	1	3
Morgan Stanley	303.4	6	184.1	3	8	119.3	3	8
Kidder Peabody	262.6	5	149.4	2	9	113.2	3	10
E.F. Hutton	148.4	2	49.4	1	10	99.0	1	12
Other	528.4	39	38.2	2		490.2	37	
Total shelf	**15,390.4**	**189**	**11,130.4**	**102**		**4,260.0**	**87**	
Total market**	**33,036.5**	**647**						

* Full credit given to lead manager
** Total market share includes common and preferred equity, convertible preferred equity, and convertible and non-convertible debt.
Source: Securities Data Corp., New York



Costs greater for stock shelfs

NEW YORK — The costs of issuing equity through shelf registration might be far greater than the savings corporations can realize.

While companies that have used shelf registration to issue primary equity saw lower issuing costs and smaller underwriting spreads, a Securities Industry Association report revealed the stock prices of shelf issues generally were lower than non-shelf issues.

The report pointed to "the uncertainty surrounding a shelf offering and the inability of investment banking firms to conduct price stabilization activities on the stock being issued" as possible reasons for the lower prices on shelf-related issues.

Although shelf-registered offerings are making up a larger share of the market, most of the Rule 415 activity continues to center on debt issues. Of the $15.4 billion in shelf-registered securities issued in the first six months of 1984, only $654.7 million represented equities, according to Securities Data Corp. in New York.

Investment bankers believe this is because shelf registration is less advantageous for stock offerings.

The SIA Trends report, prepared by Gary Gray, E.F. Hutton vice president, for his Ph.D. dissertation at Pennsylvania State University, appears to back up that view.

Mr. Gray studied 116 equity offerings of at least 250,000 shares and priced at a minimum of $10 a share from the period between March 3 and Dec. 31, 1982. That sampling consisted of 20 shelf offerings and 96 non-shelf offerings.

In addition, of the entire sample, 75 deals were for utilities.

The study indicated shelf registration appeared to reduce underwriting spreads by 28% for the entire sampling, 25% for shelf registered utilities and 30% for non-utility shelf offerings.

In addition, companies were able to lower total issuance costs by 25% for the total sample, while overall issuance costs for utilities and non-utilities were cut by 10% and 58%, respectively.

As a result, the issuer won 74.6 cents more in net proceeds for every $100 raised in a shelf equity deal. The investment banker got 90.6 cents less in the underwriting spread, according to the report.

However, stock price erosion overshadowed those gains, according to the report.

Mr. Gray monitored stock price movement for the three days and 41 days surrounding the announcement of an offering. In both cases, the study showed the non-shelf samples substantially outperformed their shelf counterparts on a raw return and market-adjusted return basis.

For the 41-day period, shelf-registered issues on average posted a total raw return of 7.13% vs. 10.59% gain for non-shelf issues. The report revealed a wider disparity on a market-adjusted return basis, with shelf issues declining 3.07% and non-shelf issues up 5.07%.

On average then, shelf issues were offered at prices that were approximately 3.46% lower on a raw return basis and 8.77% lower on a market-adjusted return basis. "This is a large price for an issuer to pay to save 0.746% in issuance costs," the report stated.

Shelf market . . .

Continued from page 21

Shearson's Mr. Pauli noted other events, such as deregulation and mergers among Wall Street houses, have fueled these trends as well. But "shelf registration is an important contributor to the process," as another investment banker put it. "The business is operating under a Darwinian environment. It's survival of the fittest," said a Salomon official.

The fittest appear to be the large, well-capitalized firms with strong syndicate desks that have proven agility in a faster-paced market, investment bankers note. These firms are risk oriented and bid aggressively for business.

Indeed, considering the size of deals and the pace with which they are issued, "chutzpah is not an irrelevant factor," the Salomon official said.

Salomon has plenty of "chutzpah" and other key ingredients if the SDA numbers are any judge.

The New York firm was credited with 37.1% of shelf volume, including syndicated and non-syndicated offerings, for the first six months of the year, running well ahead of its competitors (again giving full credit to lead manager).

Salomon topped the market share list in a breakdown of syndicated and non-syndicated deals as well, capturing 40.8% and 27.35%, respectively, of the shelf market.

These numbers represent a substantial increase from Salomon's shelf-related market share during the same period last year.

For the six months ended in June 1983, Salomon led other firms with 22.1% of total shelf offerings. The firm was the front-runner in syndicated deals as well, with a 25.3% market share, but placed second behind Goldman, Sachs & Co. in non-syndicated deals with 14.65%.

Running a distant second in total shelf market share through June this year was First Boston Corp., with 16.8%. First Boston was followed by Goldman, Sachs, with 10.8%; Shearson, 9.9%; and Merrill Lynch Capital Markets, 8.3%.

During the same period last year, Goldman was close behind Salomon with 21.3% of the total shelf market. Others were First Boston, 11.9%; Shearson, 10.5%; and Morgan Stanley & Co., with a 9.4% market share. Morgan Stanley's 2% market share this year dropped the firm to eighth place.

In syndicated shelf offerings this

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The partnership at work. Dick Fullames, Treasurer of General Electric Pension Trusts (center), discusses global custody with Dave Mann, Chase NY (left) and Colin Grimsey, Chase London.

Global Network Foreign Exchange

Continued from page 22

year, First Boston also ran second, with 17% of the volume. Shearson was third with 12.4%, followed by Goldman, 12%, and Merrill Lynch, 7.8%. In the first half of last year, Goldman's 21.8% of total syndicated shelf volume put it in second place, followed by First Boston, 12.9%; Morgan Stanley, 11.6%; and Merrill Lynch, 9.7%.

First Boston ranked second in the non-syndicated shelf offerings this year as well. It captured 16.2% of total shelf volume, while Dean Witter Reynolds had 11.4%; Merrill Lynch, 9.4%; and Goldman, 7.7%.

Goldman, however, held the top spot during the first six months last year, with a 20% market share in non-syndicated shelf volume, followed by Salomon; Shearson, 14.55%; First Boston, 9.6%; and Paine Webber, 7.1%.

It is the "special bracket firms," of which the front-runners in the SDC numbers are members, that are getting virtually all of the shelf business now, while the smaller regionals are being left out in the cold, investment bankers noted.

Issuers are basing underwriter selections more on performance, and who offers the best price, rather than relying on old-line allegiances. This has created a major opportunity for the most aggressive firms, the bankers added.

Paccar Financial, for example, decided to test the waters with a different lineup of firms in a $250 million shelf of medium-term notes it filed this month. It named Merrill Lynch and Smith Barney, Harris Upham & Co. Inc. as agents in the filing, and listed Morgan Stanley, Salomon and Paine Webber as other firms able to bid for underwriting privileges.

In a previous filing, Merrill and Lehman were the key managers named, while Smith Barney and Morgan Stanley were named as other firms able to bid on securities.

The increasing sophistication and plethora of financing options available to corporations and investor preference for larger deals also have led issuers to blue-chip firms.

"Investors care about what kind of secondary market an offering will have," one investment banker noted. The larger deals provide the best secondary market, and the big firms are in prime position to execute these deals.

Shelf registration also has increased the window phenomenon, in which issuers go into the market when it's favorable.

As a result, markets tend to be characterized by periods of heavy issuance followed by periods where activity is slack. This has put added pressure on bankers to sell securities more quickly, investment bankers said.

Prior to Rule 415, large syndicates would be pulled together, and marketing periods could last up to two to three weeks. Now, an offering could be completed and sold within a day.

One change coming with the faster pace has been smaller management groups and syndicates, said Mr. Pauli.

The faster, more competitive environment fueled by Rule 415 in one case could be a double-edged sword in that the due diligence function could suffer.

"Investment bankers have an obligation to investors to ensure the credibility of the bonds they are selling. This is more difficult to do in a shelf environment where things are moving so fast," one banker said. ■

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Notes

Bank deal costs rise

CHICAGO — The number of mergers and acquisitions in banking fell in 1983, but the dollar value of deals soared and the industry maintained its position as the most active.

Bank mergers and acquisitions reached $13.6 billion in 1983, more than the combined value of deals done in both 1982, $5.6 billion, and 1981, $4.2 billion, according to data compiled by W.T. Grimm & Co.

Data for 1983 on other industries are forthcoming from the Chicago firm, which specializes in mergers and acquisitions.

In 1983, 331 bank deals were done, down from 426 in 1982, and also less than the 335 done in 1981. Nevertheless, banking ranked first among all industries in the number of deals.

The size of deals is definitely on the rise, although the dollar value in the banking industry ranked fourth.

In 1983, seven banking and finance transactions were more than $500 million, against just one in 1982.

The seven largest financial deals in 1983 were Manufacturers Hanover Corp.'s acquisition of C.I.T. Financial Corp., $1.5 billion; Mercantile Texas Corp.'s purchase of Southwest Bancshares Inc., $1.176 billion; Financial Corp. of America's acquisition of First Charter Financial Corp., $805 million; Philadelphia Savings Fund Society's purchase of Family Financial Services, $600 million; CBT Corp.'s purchase of Bank of New England, $559 million; American Express Co.'s purchase of Trade Development Bank Holding, $550 million; and Bank of Montreal's purchase of Harris Bancorp, $544 million.

Acquiring banks are paying less, however, for other banks. In 1983, the premium over market value that a bank paid for another one was 40.6%.

This is well below the 60.3% premium paid in 1982 and the 53.6% premium paid in 1981.

U.S. financial companies were more active in buying foreign companies than foreign banks were here.

Eight U.S. banks bought overseas financial concerns, and seven overseas bought U.S. banks. Also, the number of U.S. acquisitions of foreign banks has increased each year since 1981, while the foreign purchases here declined.

Triple-A ranks thinner

NEW YORK — Standard & Poor's Corp. reports more and more companies are migrating out of its top rating, triple-A, for long-term debt.

The industrial companies and banks are among those that lost the most ground.

The number of triple-A rated industrial companies has dropped one-third in the past decade, ac-

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Portfolio dedications . . .

Continued from page 5

The $95 million pension fund of Peabody Holding Co., parent of Peabody Coal Co., this year set up an $11 million immunized portfolio with First Wisconsin Trust Co., adding to the $12 million in assets it immunized in 1982.

McGraw-Edison Co. added to and readjusted its existing $85 million dedicated bond portfolio; and it moved the management outside.

Thomas Biwer, director of retirement plan investments, said McGraw-Edison increased the portfolio's size, to $128 million, changed it to duration matching, or immunization, and hired Morgan Guaranty Trust Co. to run it. McGraw-Edison now has a third of its $400 million in pension assets immunized.

In its recent immunization, Reynolds switched an existing dedicated portfolio to multiperiod immunization, a variation of the dedication technique.

Many pension funds decline to discuss in detail their reasons for pursuing the investment strategy.

The bond-portfolio technique, known generically as dedication, allows funds to lock in returns with a large degree of certainty.

Its most basic version is called cash-flow matching, also simply called dedication. It involves matching certain assets to certain liabilities by purchasing bonds so their cash inflows from coupon income and maturing principal matches as closely as possible the periodic outlays required by the pension fund to pay benefits.

By using the income as soon as received, the pension fund eliminates the risk of not being able to reinvest bond income at the same or higher rate the portfolio was set up to earn.

Immunization, also known as duration matching, is another variation. With it, bond proceeds aren't specifically matched to pay periodic liabilities. Instead, it involves matching the duration of bonds with the duration of liabilities. A bond duration measures how soon a bond repays an investor.

In a combination dedication/immunization, also known as horizon matching, a bond portfolio uses methods from both the techniques.

Investment advisers cite several reasons for this year's surge in interest in the portfolios.

"Anytime you have a bear market, the attractiveness of immunizations and dedication improves," said Mr. Brown of Oppenheimer Capital, expressing comments similar of others in the business.

"Anytime you get above a 12½% rate in Treasury bonds, interest picks up."

With inflation low, he said, the Treasury rate approaches the historic real return, or return after inflation, of 12% on equities.

Advisers also cite the increasing familiarity of pension sponsors with the technique as a reason for its growing use.

The advisory firms have sensed the growth in the dedication market. Until last year, First Boston only set up the portfolios "at customer request," said Mr. Moore. Now, it has 14 professionals soliciting business. "First Boston is making a concerted effort," he added.

In most cases, the advisers said, the portfolios allow corporations to reduce their annual pension contributions, because the technique provides a return more certain than other investments like equities and a return higher than the more conservative actuarial rate, usually around 8%, on which the contributions are calculated.

Equity returns, although higher historically compared with bonds, are more volatile and recognized over a longer period by actuaries and thus have no immediate reduction on contributions.

Mr. Fong said, "The wide spread between the actuarial return and the return you can get on bonds" is attracting pension funds to the technique. The bond portfolios set up this year, he said, are returning in excess of 12%. "You can get 13% without any problem," he added.

At Bethlehem Steel Corp., for instance, it announced its dedication will allow it to reduce its pension contribution by $50 million a year.

At Peabody, Steven F. Schaab, manager-financial administration, said both immunizations allowed the company to increase its actuarial return and cut annual pension contributions by $500,000. Other pension funds reported similar experiences.

In setting up the portfolios, most pension funds aren't eliminating money managers.

Salomon, First Boston and Gifford Fong set up the bond portfolios for pension funds, although none is a money manager. They supply the analytics, much of it in computer software, to select the bonds to construct the portfolio. In most cases, they said they work with money managers selected by pension funds.

"We are not (investment) advisers," said Mr. Leibowitz of Salomon. "We work with investment managers essentially all this time (in setting up dedications). We always urge dedications (and immunizations) be actively managed by a money manager."

Dedicated, or cash-matched, portfolios require less management than active bond portfolios.

"At minimum, they should keep an eye on credit risk," said Mr. Brown, referring to the ability of a bond issuer to make coupon and maturity payments.

"Most of our work is done through money managers, because corporate pension sponsors don't want to take the responsibility of managing the portfolios in-house," Mr. Fong said.

Advisers said immunization requires management because its cash inflow doesn't match as precisely the cash outlays. So bonds frequently have to be sold out of the portfolios, and portfolios need period rebalancing. In addition, Mr. Leibowitz said immunization doesn't work well in all interest-rate environments.

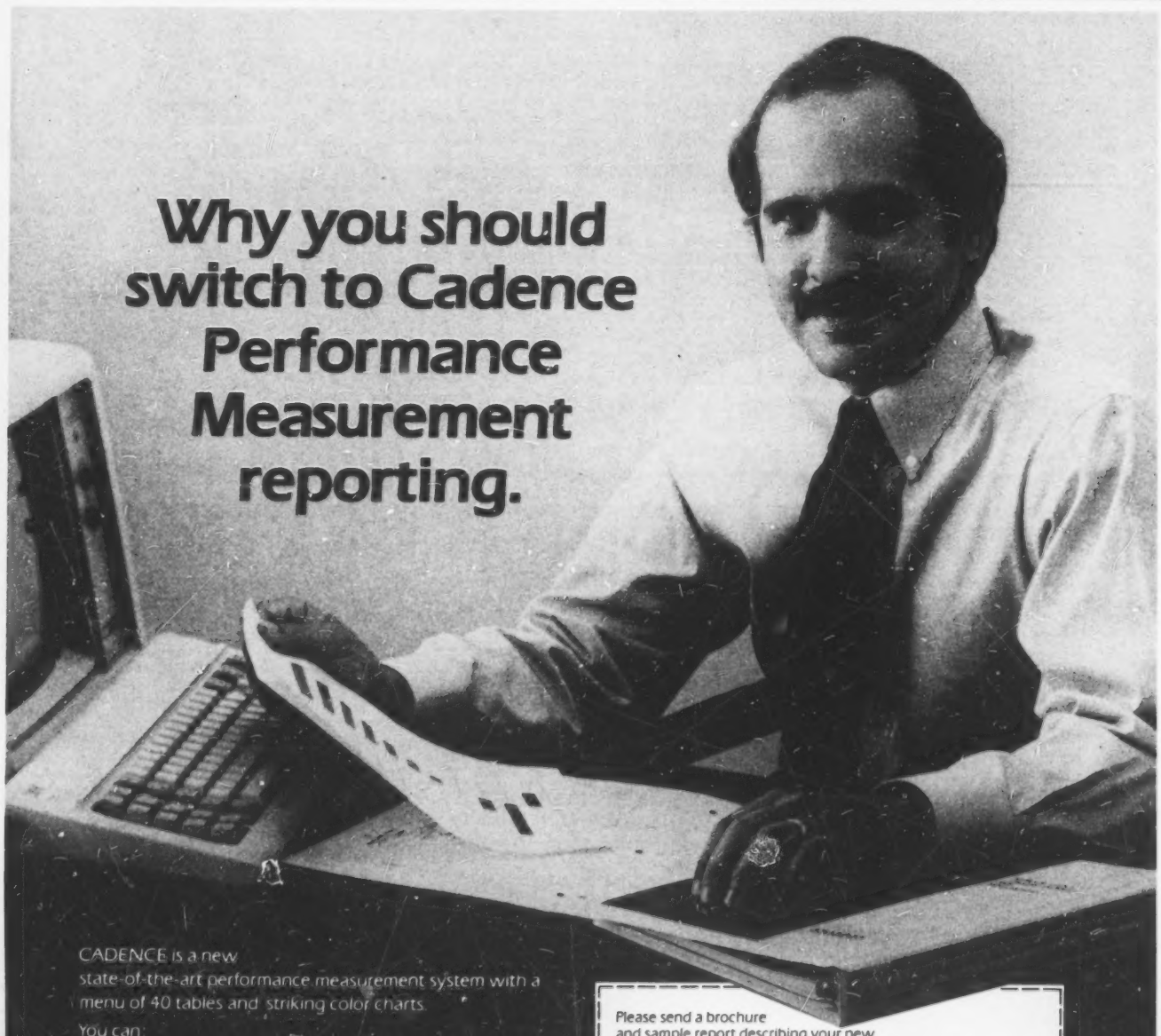
But some sponsors prefer to manage their portfolios themselves. According to Gifford Fong, Armco manages its immunized portfolio in-house. Colt Industries Inc. hired no money manager to oversee its $300 million dedicated this year and $100 million dedicated in 1982, said Daniel D. Chabris, assistant treasurer.

First Boston said 80% of its portfolios have been dedications, or cash-flow matchings, as opposed to immunizations, or duration matchings.

At Salomon, Mr. Leibowitz said, "The overwhelming majority of pension funds and majority of dollars has been cash-matched, or dedicated, portfolios."

The reason in part, he said, is that dedication is a simpler concept and has less risk than immunization. "Immunized (portfolios) have to be managed; dedicated (portfolios) need not be," he added.

But Mr. Fong said, "We've seen more immunization-types of portfolios recently. That's because immunization can give you higher returns than cash-flow matching." But he added, "The increased returns more than offset the added risk" of the portfolios compared to dedication. ■



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GE shuffles financial staff during major reorganization

By Barry B. Burr

FAIRFIELD, Conn. — General Electric Co. has reorganized its financial management structure, and the result is a new chief financial officer, a new treasurer, a new vice president of trust investments and a new vice chairman.

Without fanfare, GE has undertaken these and other changes as part of a major management restructuring, with executives switching positions or leaving the firm and changes in the reporting by executives to the top.

The restructuring, among other things, changes the officer to whom the vice president of trust investments reports. Previously, the trust investment executive reported to the chief financial officer; Dale F. Frey, the new vice president of trust investments, reports to one of GE's two vice chairmen.

Mr. Frey, who had been vice president and treasurer since 1980, replaces Edward H. Malone as trust investments vice president. Mr. Malone is scheduled to retire at the end of the year.

Mr. Frey will oversee GE's $12 billion in pension related assets, the sixth largest among public-, corporate-, and union-sponsored employee benefit funds in the country.

The restructuring was described by several securities analysts as an effort by John F. Welch Jr., chairman and chief executive officer, to streamline management.

"It's a very significant change of major proportions," said Nicholas P. Heymann, securities analyst at Drexel Burnham Lambert Inc. "The company is going through a large restructuring effort, not only of its business and operating components, but also of its management."

One securities analyst who follows General Electric also called the changes a "major reorganization."

At another firm, a securities analyst said, "The goal is to reduce overhead and supporting staff. Welch hates staff."

As one securities analyst put it, "There used to be about 53 corporate vice presidents; now there are (about) 18."

At GE, Laughran "Larry" Vaber, corporate press representative, said the reorganization hasn't been announced. "There was no press release put out on the reorganization," he said. "It's not a revolutionary change. It's an evolutionary change, removing some layers."

At Drexel Burnham Lambert, Mr. Heymann said, "These kinds of major changes can send shock waves through the corporation." He suggested GE is waiting until the changes are completed before announcing the new organization structure.

Of Mr. Frey's move from treasurer, Mr. Vaber said, "I don't know if I can characterize it. He's still a vice president. It's an organizational change. It's not up the ladder; it's a lateral move."

From left to right: Lawrence A. Bossidy, vice chairman, and Dennis D. Dammerman, chief financial officer at General Electric.

As head of trust investments, Mr. Frey now reports to Vice Chairman Lawrence A. Bossidy. His predecessor, Mr. Malone, reported to Thomas O. Thorsen, the senior vice president of finance.

In effect, though, the trust investments officer still reports to an officer one step below chairman; the vice chairman and chief financial officer report directly to the chairman.

Mr. Vaber wasn't able to explain the change in reporting. He said the officer to whom the trust investments executive reported has varied through the years, depending on the expertise of top executives.

Mr. Frey didn't return phone calls.

The new treasurer is Standley H. Hock, who formerly as vice president and corporate executive officer was assistant to John F. Burlingame, one of GE's two vice chairmen and executive officers.

Mr. Burlingame is scheduled to retire at the end of the year. He

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This building is owned by TCW Realty Advisors, hired by the PBGC.

PBGC hires for realty, switches bond firms

By Joel Chernoff

WASHINGTON — The Pension Benefit Guaranty Corp. has made its first investments in real estate and switched advisers for its government bonds portfolio as part of a continuing restructuring of its assets.

The agency, which had $1.1 billion in assets as of Sept. 30, 1983, hired Morgan Stanley & Co., New York, as an adviser for $200 million to $250 million in government securities, replacing Pacific Investment Management Co., Newport Beach, Calif., sources said.

The PBGC also picked three closed-end real estate funds for its initial investments in the area: TCW Realty Advisors, a unit of Trust Co. of the West, Los Angeles; JMB Institutional Realty Corp.,

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Funds less venturesome

Venture cap shakeout seen

By Rose Darby

NEW YORK — Pension fund interest in venture capital investments has cooled in recent months, and two partnerships have been withdrawn after failing to raise their required minimum assets.

Although the amount of pension assets committed to venture capital has continued to grow steadily this year, the industry might be on the verge of a shakeout as pension funds exhibit increasing caution in making commitments, according to venture capital experts.

Among the reasons interest seems to be waning are a decline in corporate pension fund cash flows, an increase in the sophistication of pension executives in selecting venture capital groups, the fact that some funds have reached their targets for venture capital investment and an excess of venture capital opportunities.

Similar cycles of feast and famine have gripped other areas of pension investment such as real estate and leveraged buy-outs. They evolved from acceptance by the traditionally conservative pension industry, to popularity, to glut.

Indeed, recent figures seem to reflect nothing but enthusiasm by pension fund executives for venture capital as an investment.

As total size of the venture capital pool of dollars under management increased to $12.1 billion for 1983, from $3.5 billion in 1978, pension funds have represented a larger and larger segment of the marketplace, according to figures compiled by the Venture Capital Journal, in Wellesley Hills, Mass.

In 1981 for instance, total dollars invested by pension funds in independent, private venture capital pools made up 23% of all money committed. By 1983, pension funds represented 31% of all money. In the first half of this year alone, they constituted 36% of total commitments by all investors, providing $653 million.

Despite what the numbers say, experts agree the going is getting increasingly tough.

"It's certainly true that it's much more difficult to raise money for a venture capital fund than it was a year, or so ago," said W. Denman Van Ness, senior investment partner for the venture capital group of Hambrecht & Quist.

"It wasn't very long ago that pension funds weren't investing at all in venture capital. It's only since 1981 that funds have been able, in fund sponsors' minds, to invest in the area," he said.

As for figures running contrary to the perceived trend toward a shakeout, "they don't need to diminish in order for there to be difficulty in raising the next new fund," he reasoned.

Part of what's behind the recent coolness toward venture capital investment is that "a number of pension funds have allocated a certain amount for venture capital investment and have made full commitments already," Mr. Van Ness explained.

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Termination curbs sought

By Joel Chernoff

WASHINGTON — Rep. Edward R. Roybal, D-Calif., is about to introduce legislation that would severely curb an employer's ability to recapture excess assets by terminating its defined benefit pension plan.

Some exceptions would be firms in financial distress.

Except for the business-necessity cases, the bill would require sponsors to allocate the surplus assets among retirees and beneficiaries and those approaching retirement before excess assets could be returned to the company.

During the past five years, 261 plans overfunded by $1 million or more have been terminated, yielding nearly $3 billion to their sponsoring corporations, Rep. Roybal wrote in a letter to colleagues. Applications involving almost $1 billion in potential reversions are

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Late news

Exemption sought

NEW YORK — Morgan Stanley Inc. formally asked for permission to turn over to its money management unit the $1.7 billion in equities of the nearly $5 billion Teamsters Central States Southeast & Southwest Areas Pension Fund.

As named fiduciary of the Teamsters fund, Morgan Stanley applied

Continued on page 2

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Forms separate investment department

Penn Central shift under way

By Richard J. Gillespie

GREENWICH, Conn. — Penn Central Corp. has hired an investment professional to operate outside the treasurer's office, raising questions about the future role of its eight investment managers.

The selection of John D. Gwynn to fill the new vice president-investments slot suggests something bigger than a personnel change is afoot with the $400 million pension fund.

"We are starting from scratch," said Mr. Gwynn, the former chief investment officer of Charter Co.'s insurance subsidiaries.

Mr. Gwynn will head up a new investments department that he said eventually will include three or four other investment professionals, to be recruited from within and without the company.

The arrangements are still very much up in the air, he said.

A vice president at one of the fund's current management firms, Avatar Associates, New York, said he learned of the company's move from a news report.

Earlier reports said Mr. Gwynn would be taking over the management of the company's "pension fund assets from eight outside money management firms."

However, at the time that report was published, the trust committee of the board of trustees at Penn Central had yet to ratify the appointment of the new vice president, let alone approve any move to in-house management.

"That reporter is way ahead of himself," Mr. Gwynn said of the earlier report. "We still have all our outside managers under contract right now, and all we are doing is exploring the alternatives.

"Obviously, one of those does involve an in-house approach, but that is currently not a conclusion that has been reached internally."

In addition to Avatar Associates, the fund uses Batterymarch Financial Management, Boston; BEA Associates Inc., New York; Dreyfus Management Inc., New York; Forstmann-Leff Associates Inc., New York; Frontier Capital Management Co. Inc., Boston; McConnell & Miller, New York; and Morgan Guaranty Trust Co., New York.

John D. Gwynn

According to Mr. Gwynn, his appointment had been arranged by Carl H. Lindner, Penn Central's chairman. "But it otherwise went through all the usual channels," he emphasized.

Mr. Gwynn reports to Ed Kosnick, who is executive vice president and chief financial officer, and who had the last word on his appointment.

Mr. Gwynn apparently met Mr. Lindner while he was an insurance analyst at J.C. Bradford Co., a Nashville, Tenn., brokerage firm, his employer before he joined Charter Cos. in 1980.

Mr. Lindner is also chairman and controlling shareholder of American Financial Corp., a Cincinnati-based institution that is one of the largest unsecured creditors of Charter Cos., and which also owns a large share of Penn Central.

Penn Central drew Mr. Gwynn away from Charter Cos. at a time when troubled Charter Oil is attempting to sell its insurance subsidiaries. Charter Cos. filed for reorganization under Chapter 11 of the federal bankruptcy code last April as a result of losses in its energy operations.

Charter Cos. had between 80%

Continued on page 68

Cusma to replace Illinois' Kausch

By Kimberly Blanton

CHICAGO — Robert Cusma, executive secretary of the Pennsylvania State Employees Retirement System, was named to replace Ralph Kausch as executive director of the Illinois Municipal Retirement Fund.

Mr. Kausch is retiring Dec. 21.

Mr. Cusma said the Illinois municipal fund's autonomy from state government was a primary reason he decided to take the position at the smaller fund.

The Illinois municipal fund is almost $2 billion, half the size of the $4.3 billion Pennsylvania fund.

Mr. Kausch, who has been executive director of the Illinois fund since 1971 when it was about $400 million, will move to San Diego after he retires. He said he has tentative plans to take on a new line of work there, but is not ready to announce them.

Mr. Cusma's new job will be effective Dec. 1, with some overlap between his and Mr. Kausch's terms to smooth the transition.

Mr. Cusma explained why he finds the opportunity to take over for Mr. Kausch an attractive one.

"It's the independence from state government which (Pennsylvania's system) doesn't have," he said.

A state fund that operates effectively apart from state government "gives you an opportunity to do the things that are necessary without having to go through all the bureaucratic red tape," he added.

Mr. Cusma stressed the Pennsylvania fund is "an excellently managed operation with an excellent reputation," but at a fund like the Illinois fund, "at least you get a chance to make your own mistakes."

Mr. Cusma, who has been with the Pennsylvania system since 1969, also believes the Illinois fund has the advantage of an outside consultant with whom to "bounce ideas" around. Sandy Lincoln, a consultant with A.S. Hansen Inc., oversees the fund's investments.

"That (a consultant) is one of the things I've been pushing for" in Pennsylvania, he said.

Mr. Cusma apparently will be less involved in investment decisions in Illinois than in Pennsylvania. Mr. Kausch said A.S. Hansen discusses asset allocation, performance measurement and the hiring and firing of managers with the Illinois fund's board of trustees.

Mr. Kausch said he has had most of his responsibility in benefits — processing benefit claims, data processing and mailing out 36,000 pension checks each month. In Pennsylvania, Mr. Cusma oversees both investments and benefits. ■

Bonner leaves Motorola after 18 months

SCHAUMBURG, Ill. — Eighteen months after taking over as Motorola Inc.'s manager of trust investments, Michael Bonner has quit, in part because of what he said is a "restructuring and redefinition of the job."

In another development, Motorola has terminated Citibank as one of its international investment managers. A search is under way to replace it, said Garth Milne, vice president and director of treasury.

The pension plan had $234 million in assets and $111 million in liabilities as of Jan. 1, 1983, the latest available figures.

When Mr. Bonner came to the company, its pension plan was more than 100% overfunded, or had twice as much in assets as necessary to cover accrued liabilities on a termination basis.

Mr. Bonner said two things led to his decision to resign — changes in the job and other interests in the pension industry.

Of Motorola, he said: "There was a small restructuring and redefinition of the job."

On his possible replacement, he added, "The person they're looking at will be of a different variety and background than myself."

MOTOROLA INC.

Mr. Bonner declined to elaborate.

At Motorola, Treasurer Donald R. Jones declined to comment on Mr. Bonner's departure. He will be replaced, "as soon as we find someone qualified," Mr. Jones added.

Asked about the restructuring and redefinition of the job Mr. Bonner cited, Mr. Jones said, "I don't know what he is talking about." Mr. Jones said Motorola is making no fundamental changes in its pension asset management.

As for the dropping of Citibank, Mr. Milne refused to reveal how much has been under management internationally by the firm. He also said no decision has been reached as to how many international managers would be selected.

The pension fund, entirely managed outside, has about nine money managers. In addition, Motorola has a savings and profit-sharing trust, totaling about $383 million.

On the personal reason, Mr. Bonner said, "I've been in the business 12, 13 years on the corporate side." Now, "I'm looking at things on the consulting and selling side." ■

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Late news

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to the Department of Labor for exemption from conflict-of-interest provisions in the Employee Retirement Income Security Act to appoint Morgan Stanley Asset Management Inc., the equity manager.

To avoid potential conflicts, Morgan Stanley proposes to set up a committee of three investment experts not associated with the firm to review the equity management.

"I'm satisfied that (conflicts) will not be a problem," said George Lehr, the fund's executive director.

If the exemption is granted, Morgan Stanley said it would drop the fund's seven existing equity managers and give the $1.7 million in equities to the subsidiary.

Richard Lothrop dies

TACOMA, Wash. — Richard Lothrop, vice chairman and director of marketing and client servicing at Frank Russell Trust Co., died Sept. 26 after a long illness.

Mr. Lothrop, 54, was known widely for his association with the pension consulting firm, Frank Russell Co., and more recently, had been dubbed the grandfather of the Association of Investment Management Sales Employees.

He joined Russell in 1961, and was instrumental in building the four Russell organizations: the Russell pension consulting firm, Frank Russell Investment Management Co., Frank Russell Securities and the trust company. In 1972, he established the institutional data division of the consulting firm.

Sandoz selects

EAST HANOVER, N.J. — The $4 million Sandoz Foundation of America has hired Wentworth Hauser and Violich Inc., San Francisco, as its sole balanced manager, replacing Brown Brothers Harriman. Fidelity Union/First National State Bank of New Jersey was named custodian.

New N.Y. fund hires

ALBANY, N.Y. — The New York State Deferred Compensation Board has selected its first managers and administrators for its new deferred compensation plan.

Manager selections were made for two of the plan's three investment options. Pending final negotiations and approval of contracts, the board picked Fred Alger Management Inc., Weiss, Peck & Greer, and Oppenheimer Capital Corp., all of New York, to run equity money.

A short-term investment fund will be run by Bankers Trust Co., which also will be custodian. IMI/Copeland Cos., in Armonk, N.Y., will be plan administrator.

London draws Brown

LONDON — Alan Brown, director of Morgan Grenfell Investment Services Ltd. and one of the key individuals responsible for building the firm's $4 billion fixed-income business, has been hired by American Express Asset Management Ltd. in London. He will be in charge of fixed-income operations.

Coleman picks 2

WICHITA, Kan. — Coleman Co. Inc., with $50 million in employee benefit assets, split $8 million in fixed-income assets between Liberty Capital Management, New York, and Delaware Investment Advisers, Philadelphia.

Fourth National Bank and Trust Co., Wichita, and the Union National Bank of Wichita were dropped, but the fund retained Union National as master trustee.

Northern selected

CHICAGO — The $650 million Montgomery Ward & Co. pension and employee benefit plan has hired Northern Trust Co. in Chicago to be master custodian, replacing Morgan Guaranty Trust Co.

Sanford C. Bernstein & Co. Inc., New York, and Fidelity Management Trust Co., Boston, were hired as managers earlier.

Teachers slate realty

ALBANY, N.Y. — The $12.5 billion New York State Teachers Retirement System is close to signing contracts that would make Prudential Asset Management Co., Equitable Real Estate Investment Management and Goldman, Sachs & Co. its first advisers in a direct equity real estate. Sources said $300 million is expected to be allocated.

$25 million committed

NEW YORK — Richard Ellis Inc. has received commitments totaling $25 million from clients in U.K.-American Properties Inc., the adviser's open-end commingled fund that invests in U.S. property for 51 British pension funds.

Thomas Barrow

This directory of microcomputer data bases and software for investment managers was compiled from questionnaires sent to suppliers. Related stories are in the real estate section, which begins on page 59. All information is copyright 1984 by Crain Communications Inc. Reproduction without permission is prohibited.

Funds lag in going on-line

By Donald P. Mazzella

NEW YORK — On-line or microcomputer-based portfolio management systems are being used by almost 40% of investment managers, but most pension fund executives have yet to embrace them, a survey by *Pensions & Investment Age* shows.

The majority of money management firms use in-house systems to track, report, analyze and distribute information vital to effective management. Another 30% reported investigation of on-line or in-house systems.

The survey covered more than 40 investment managers and 30 pension executives across the country.

Although a significant number of the management organizations reported using microcomputers in their investment management or account management processes, only a few of the pension executives said they use microcomputers to track their pension funds. However, several pension executives from large corporations said they have systems plugged into the corporate mainframe computers.

One sponsor using microcomputers is GTE Investment Management, the pension fund management subsidiary of GTE Corp.

GTE Investment Management uses two IBM PCs to gain access to the more than $3 billion pension fund's records at Bankers Trust Co. They also are used for assessing the effect on the fund of new managers.

According to Rick Pegnataro, investment technology assistant at GTE Investment, Lotus 1-2-3 and Symphony can be used for playing such "what if" games.

The New York City Employees Retirement System installed seven IBM-PC XTs for tracking the city's more than $20 billion in pension assets.

City Comptroller Harrison Goldin and his investment staff headed by William Badger, third deputy comptroller, use the PCs to monitor outside money managers and to break down their portfolios and their decisions for diagnostic purposes.

According to Mr. Badger, the city uses a system developed by Watnik & Co. of Springfield, N.J., to monitor the managers. It also uses the computers to gain access to its accounts at Citibank in New York, and to generate reports for the board of trustees.

The money management firms surveyed, which manage assets between $50 million and $1 billion, are seeking sophisticated systems, preferably multiuser programs with strong report-generating capability. In addition, heavy on-line interface with key pricing services also are necessary in order to realize significant savings in their operations, they said.

Typical was the response of one manager, who reported he was actively looking at a micro-based product that would track his buy-sell orders, allocate purchases among the 120 accounts he manages and provide reports on a daily, weekly and monthly basis.

"What I need is a quick way of identifying my cash position as well as what dividends and interest have been earned and credited, as well as the average price and possible gain or loss should I decide to sell in today's market," he added.

An example of the direction firms are taking is the effort outlined by Michael Doorly, a manager at Van Eck Associates, which manages about $800 million in domestic and international investments, about $100 million of it tax-exempt.

"We wrote a detailed request for proposal so that we could identify all of our problems and needs, and compare them with the features of the systems. We attempted to locate a proven package that is being supported by an American group and has international currency conversion capability, as well as the ability to enhance and maintain our total back-office management needs," he said.

Several managers contacted said they are seeking programs that could aid in making timing decisions involving large blocks of stocks for many different portfolios.

Among the micro-based portfolio management products mentioned most in this survey are National Investor Data Services, New England Management Sciences (NEMS Investware), Advanced Business Systems (IMPACT), Indata and Shaw Data Services.

Shaw is an on-line system similar to one available from Interactive Data Corp. under a new agreement with Sun Systems and Automatic Data Processing. Users of these systems generally prefer the service and pay-as-you-go features. However, the total cost is often far greater than an in-house installation.

With the strong surge in stock market activity, the trend toward integrating computerized portfolio management systems into the investment decision process is expected to continue. The only question in the minds of most observers is, 'Who will be the big winners in a growing marketplace?'

The market for programs that aid in the investment and management function is estimated at $25 million and growing. By the end of the year, more than 50 software packages and services specifically aimed at the portfolio management functions will be available.

Most of these products are geared for the individual investor, but there is a large number directed at the investment community.

Some of those designed for professional management can be used to manage pension assets in-house, or to monitor managers.

The survey identified a general hierarchy of needs. These include a flexible report generator and writer, the ability to access one of the on-line services and bring that information into a usable data base and some very good technical analysis such as moving average computation.

Most managers said it took them from one to three months to choose a portfolio management system after they spent several years managing accounts manually. Most indicated they chose a computerized system after reaching a plateau of 150 stocks and 10 transactions a day.

Once purchased, a surprising number of users indicated a "high comfort level with the program selected." Typical of this response was William F. Balch, president of Balch, Hardy & Scheinman, who stressed his pleasure with the Wang-based customized system he has had installed.

Key to many managers was the ability to input the daily stock price information data via an on-line system. Many see this pricing mechanism as a key to reducing in-house efforts.

Inputting the securities onto a management system, then augmenting their decision analysis with other modules or even separate packages appears to be the most favored way of automating, according to the survey.

Some managers believe the more expensive and complex the program, the greater the information capabilities available.

However, analysis of the packages indicates many products could be purchased in modular form. Others could be bought complete but on smaller machines and moved to bigger systems as the number of accounts or funds grows.

Among the features cited as important in deciding on a particular system are accounting, automatic cash adjustment and report generation.

Other managers were comfortable with reports that analyzed the percentage of industrial sectors, bonds, cash and other groupings, which some systems offered.

One item several firms sought was an analysis and tracking of commission, which the Internal Revenue Service and Department of Labor are scrutinizing increasingly.

Another desired feature is a way of keeping an audit trail on any security bought and sold. This usually includes the date of purchase, date of sale, credit for any dividend or interest earned, cost of a transaction and current price. Most programs can create reports about how much a grouping within the portfolio has made or lost during a given period of time. Many programs permit the manager to get a quick and up-to-date picture of unrealized gains and losses as well as dividend and other income data for decision analysis.

Concurrent with the growing trend toward on-line interface within the financial services industry is the trend to retrieving current stock information from Dow Jones News Retrieval, CompuServe, Warner Computing and Interactive Data Corp., as well as other information distributors.

This trend is growing, and all of the products surveyed either have automatic dial-up available or will provide it soon. In some programs, the feature is an add-on while others provide it as part of the package. Programs designed specifically for the investment manager range in cost from $4,000 to $20,000.

One firm, Zweig/Avatar Trend Timing Services uses a special version of IMPACT to help it implement a fund-switching investment strategy.

"We have large peaks in our back-office workload," said Joseph DiMenna, president of Zweig/Avatar. "When we must make a switch, the load is extremely high for a couple days. We use the program to allow us to deal with the load without keeping a large staff that would otherwise have little to do between switches."

Keeping low back-office staff is one of the reasons many firms seek out and adopt systems like IMPACT.

For other managers, the PC XT has meant major changes in the ways they manage money and make investment decisions. One manager, Liberty Capital Management, makes all of its decisions based on computerized analysis of prior price movements on U.S. Treasury securities.

Jon Leader, president of the firm, said, "We use the computer to analyze and identify patterns of movement, then review periods on a retroactive basis and see what buy-sell actions would have been profitable.

"We could not have done this for under $1 million a few years ago. And now we have this whole system on XTs, which does everything from buy-sell recommendations, to back-office management, to even going out and making sales calls for us."

Mr. Leader also said he uses a programmed disk to make presentations in client offices for his firm. "It does everything but go out for coffee," he said. ■

Donald P. Mazzella is a New York freelance writer.

Data bases

a

Analysis 1 (ANA 1)

Galaxy
P.O. Box 22072, San Diego, Calif. 92122; (619) 452-1072

Analysis 1, introduced in 1980, is a set of programs complete with a data base containing the weekly Dow Jones industrial average from 1897 to the present. The product allows for updating and correction of that data. Data can be graphed and analyzed on the computer, and user data bases can be added. Updated weekly, the data base can be accessed by microcomputer, using the Apple II, Applesoft Rom Card, 48k memory and Disk II. Users can write their own programs. The price is $69.95.

Autoprice

Telstat Systems Inc.
60 Hudson St., New York, N.Y. 10013; (212) 227-5082

Autoprice, introduced in 1979, provides prices and dividend information for equities on most domestic exchanges. It also provides exchange and "model" prices for corporate, U.S. and municipal bonds. Data also include capital change information such as name changes and mergers.

Data are updated daily. It can be accessed by microcomputers only. The firm provides canned software packages to process data.

There are more than 100 clients. The fee is 25 cents for each security pricing, with a yearly minimum of $1,200.

b

Bancall II

ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

The Bancall II data base contains data from the Call Report and Consolidated Report of Income filed by all FDIC insured commercial banks. Call Report covers more than 400 items including assets, liabilites, equity capital and supporting schedule infomation. Report of income covers more than 150 items on sources and disposition of income and reserves for possible loan losses. Users may select banks by state, county, Standard Metropolitan Statistical Area (SMSA's), Federal Reserve District, or any financial line item.

On ADP, the data are adjusted to reflect merger and acqusition activity and reporting format changes, with all changes incorporated in the historical data. Therefore, the entire data base is available in the new quarterly format.

Data can be accessed by dumb terminals. The firm's Datapath software program allows users to download data into Lotus 1-2-3 on IBM PC. Also, users can write their own programs. The client contact is Thomas K. Belding.

Bancompare

ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

Bancompare contains financial data compiled from annual reports, 10-K, 10-Q and FDIC Call Reports on about 230 publicly held banks and bank holding companies. It covers more than 800 key financial data items and calculated ratios on each bank and holding company.

Precalculated ratios allow for efficient searching of the data base, as well as enhancing the report output.

Data can be accessed by dumb terminals and the IBM PC, using the firm's Datapath software program, allowing users to download data into Lotus 1-2-3. Also, users can write their own programs. The client contact is Thomas K. Belding.

Bancorp

ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

The Bancorp data base is updated semiannually and contains financial information from the 49 Bank Holding Company Annual Report Financial Supplement submitted to the Federal Reserve Board by U.S. bank holding companies. It includes more than 140 balance-sheet and income-statement time series items for the parent and consolidated companies, and more than 80 general descriptive items for each bank holding company. On ADP, the data base includes weekly stock market information as well as data on the individual commercial banks owned by each bank holding company.

Data can be accessed by dumb terminals and the IBM PC, using the firm's Datapath software program, which allows users to download data into Lotus 1-2-3. Also, users can write their own programs. The client contact is Thomas K. Belding.

Bond Data

Technical Data Corp.
45 Milk St., Boston, Mass. 02109; (617) 482-3341

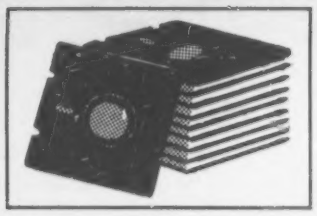
Bond Data provides statistical and technical analysis of the government bond and financial futures market. Information provided includes a daily market commentary, update analysis, hourly updated prices as well as arbitrage analysis of the financial futures markets.

Clients, who number 2,100, pay a monthly fee of $165. The product is available through the Telerate System and comes in a 45-page format. Distinguishing characteristics of Bond Data include accuracy of prices, ease of use and the speed of updates — every hour and a half. A free trial is available for Telerate subscribers. The client contact is Steve Tenney.

Bondval

Telstat Systems Inc.
60 Hudson St., New York, N.Y. 10013; (212) 227-5082

Bondval, introduced in 1983, has pricing and report capabilities, histori-



cal data and portfolio management facilities and performs market level analysis for most equity government and corporate bonds.

Data is updated daily. It can be accessed by dumb terminals and microcomputers. Users can write their own programs.

The firm has more than 25 clients.

Bunker Ramo Quotation and Financial Data Base

Bunker Ramo Information Systems
Trumbull Industrial Park, Trumbull, Conn. 06609; (203) 386-2000

The Bunker Ramo Quotation and Financial Data Base, introduced in the mid-1970s, provides on-line real-time access to quotation information on all types of securities from all domestic and several international exchanges.

The data base service provides access to a variety of business and financial data bases such as Dow Jones News, Moody's and Argus Research.

It can be accessed by dumb terminals and the Aladdin 40 microcomputer, which is supplied by Bunker Ramo.

Users can write their own programs to analyze data. The firm provides canned programs to process data.

Cadence MicroUniverse

CDA Investment Technologies
11501 Georgia Ave., Silver Spring, Md. 20902; (301) 942-1700

The Cadence MicroUniverse, introduced in 1981, has a universe of 640 bank pooled funds, 90 insurance company funds, 560 mutual funds and the 250 largest investment advisers. Monthly performance data and risk statistics are supplied for up to 10 years of history enabling the user to obtain returns for individual funds or groups of funds by name; create custom universe subsets and rank funds within them; compare any fund with 40 market and specialized indexes; and create high quality graphs such as bar charts, scatter diagrams and line charts.

Data is updated monthly. The product is available in two forms: diskettes mailed to users three weeks after the end of each month, and on-line two days after the end of the month. The cost of the diskette package is $7,500 a year or $50 a report. On-line price ranges from $2,500 to $7,500, depending on data base module used.

The data is accessible via dumb terminal, and IBM PC or any compatible microcomputer with on-line capabilities. The firm also provides software at no charge to process data.

CDA intends to introduce Cadence MicroPerformance, a report providing essential information to analyze performance in the winter of 1984. The report will show user's fund returns over fiscal periods and market cycles, comparison with the cost of living, sources of asset growth, unit values, risk posture and rankings within the Cadence Universe.

The client contact is David G. Cook.

The Canadian Financial Database

Info Globe
444 Front St. West, Toronto, Ontario M5V 2S9; (416) 585-5250

The Canadian Financial Database, introduced in September of this year, contains report information from 500 Canadian companies, including public companies, Crown corporations competing in the private sector, and wholly owned subsidiaries of U.S. companies. All of the audited financial information is included — the balance sheet, income statement, statement of capital changes, and statement of changes in financial position. All of the footnotes are included, as are the auditor' report and the list of officers and directors. The data is updated as reports are published.

Data can be accessed by dumb terminals or any modem-equipped microcomputers capable of asynchronous communications. Users can write their own programs. There is a $100 initiation fee plus a $3 per connect minute charge. The client contact is Rick Noble.

Citibase

CitiShare
850 Third Ave., Zone 1, 14th Floor, New York, N.Y. 10043; (212) 572-9623

The Citibase data base, introduced in 1978, and updated daily, provides current and historical statistics on the U.S. economy. It contains 5,000 economic time-series easily accessible via commercial time-sharing services or for in-house computers, via magnetic tapes and direct updates. Most series go back as far as 1947 and categories include finance — interest rates, money supply, exchange rates; industrial production, national income and product accounts; prices — consumer and producer price indexes; manufacturing and trade; and housing and labor.

Data can be accessed by dumb terminals and IBM PC and XT microcomputers. Users can write their own programs to analyze data. Canned programs are also available. Ann Wood at (212) 559-5312 is the client contact.

Other time-sharing vendors are: CompuServe, Columbus, Ohio; General Electric Information Services, Rockville, Md.; I.P. Sharp Assoc. Ltd., Toronto; and Rapidata, Fairfield, N.J.

Citibase Weekly

CitiShare
850 Third Ave., Zone 1, 14th Floor, New York, N.Y. 10043; (212) 572-9263

Citibase Weekly, introduced in 1981, contains more than 300 weekly economic time-series beginning in the first week of 1980. Categories include finance — money supply, interest rates, stock market, statistics, foreign exchange rates — banking data, commodity prices and economic indicators.

The data base is maintained by the Economics Department of Citibank.

Data can be accessed by dumb terminals and microcomputers, using IBM PC or Northstar Advantage with a Hayes modem. Users can write their own programs to analyze data. In addition, users can purchase canned programs to analyze data.

There is a monthly price of $130. The client contact is Nancye Jarrin at

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Other time-sharing vendors are: CompuServe, Columbus, Ohio; General Electric Information Services, Rockville, Md.; I.P. Sharp Assoc. Ltd., Toronto, Ontario; and Rapidata, Fairfield, N.J.

Citiquote

Citicorp Information Services
850 Third Ave., New York, N.Y. 10043; 1(800) 241-2476

Citiquote, introduced in 1977, has 50 clients and is an on-line securities data base covering more than 60,000 U.S. and Canadian securities including equities, debt issues, indexes and options. The information available includes five years of daily pricing history, and additional descriptive and analytical information. The data base is updated nightly with the prior day's information, and then is checked for accuracy.

Data can be accessed via dumb terminals or microcomputers. The Citiquote Investor software package accesses the data base. The hardware used is the IBM PC or compatibles. Users can write their own programs.

The price is 60 cents per prime time minute and 30 cents per non-prime time minute. The client contact is John Thomas.

Compustat

ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

The Compustat data base is a source of fundamental financial data from SEC filings for public companies. Annual data from 10-K reports go back 20 years and quarterly data go back 10 years. About 6,500 companies are represented. It is updated weekly.

Data can be accessed by dumb terminals and the IBM PC, using the firm's Datapath software program, which allows users to download data into Lotus 1-2-3. Also, users can write their own programs. There are approximately 150 clients. The client contact is Thomas K. Belding.

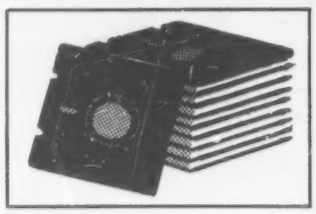
Comstat

B.G. Hitchens Capital Management
1430-1176 W. Georgia, Vancouver, British Columbia V6E 4A2; (604) 669-5588

The Comstat data bases, introduced in 1980, measure portfolio measurement for 1,000 funds.

Data bases are: Comstat I, which contains 340 balanced funds; Comstat II, which contains 260 commingled funds including real estate, global, U.S., Canadian, Japanese, bond, return relatives and risk premia indexes; Comstat III, which contains 200 portfolios of securities and cash; Comstat IV, which contains 300 Canadian RSP and mutual funds; and Comstat V, which consists of Free World stock market data.

Software will run on the IBM, Wang and IBM compatibles.



The list price varies from $2,000 to $25,000. The client contact is Barry G. Hitchens.

Conference Board Data Base

Conference Board
845 Third Ave., New York, N.Y. 10022; (212) 759-0900

The data base includes historic and forecast business indicators provided by the Conference Board. It includes coverage of capital appropriation, expenditures, cancellations and back logs, business executive expectations for the economy, automobile sales by 10-day periods; diffusion indexes; financial indicators. It also includes an economic commentary and forecasting newsletter.

Data is updated weekly and can be accessed by dumb terminals, and the IBM PC and, using a Hayes modem, Northstar Advantage microcomputers. Users can write their own programs. The list price for Conference Board members is $500 and nonmembers $450. The client contact is Linette Waters.

Other vendors are ADP Network Services, Ann Arbor, Mich.; Rapidata Division of National Data Corp., Fairfield, N.J.; Interactive Data, Bala Cynwd, Pa.; Data Resources, Lexington, Mass.

Control

Standard & Poor's — Compustat
7400 S. Alton Ct., Englewood, Colo. 80112; (303) 740-4530

This package, introduced this year, combines Micro/Scan software with Compustat's extensive data base of more than 6,000 companies. There are 126 prepackaged variables per company for screening, sorting, ranking, and report writing. Two-and-one-half, to five-to-ten years of historical data for selected variables are available within the system. The user can create 56 customized variables per company.

It also comes with the "Analyzer" — a Lotus environment report writing package with macros already set up. An Iomega disk drive is provided with subscription.

Data can be accessed by IBM PC, XT and compatibles only. The list price is $25,000. The client contact is Walter Campbell.

d

DAIS-Link

The DAIS Group/Drexel Burnham
60 Broad St., New York, N.Y. 10590; (212) 480-6281

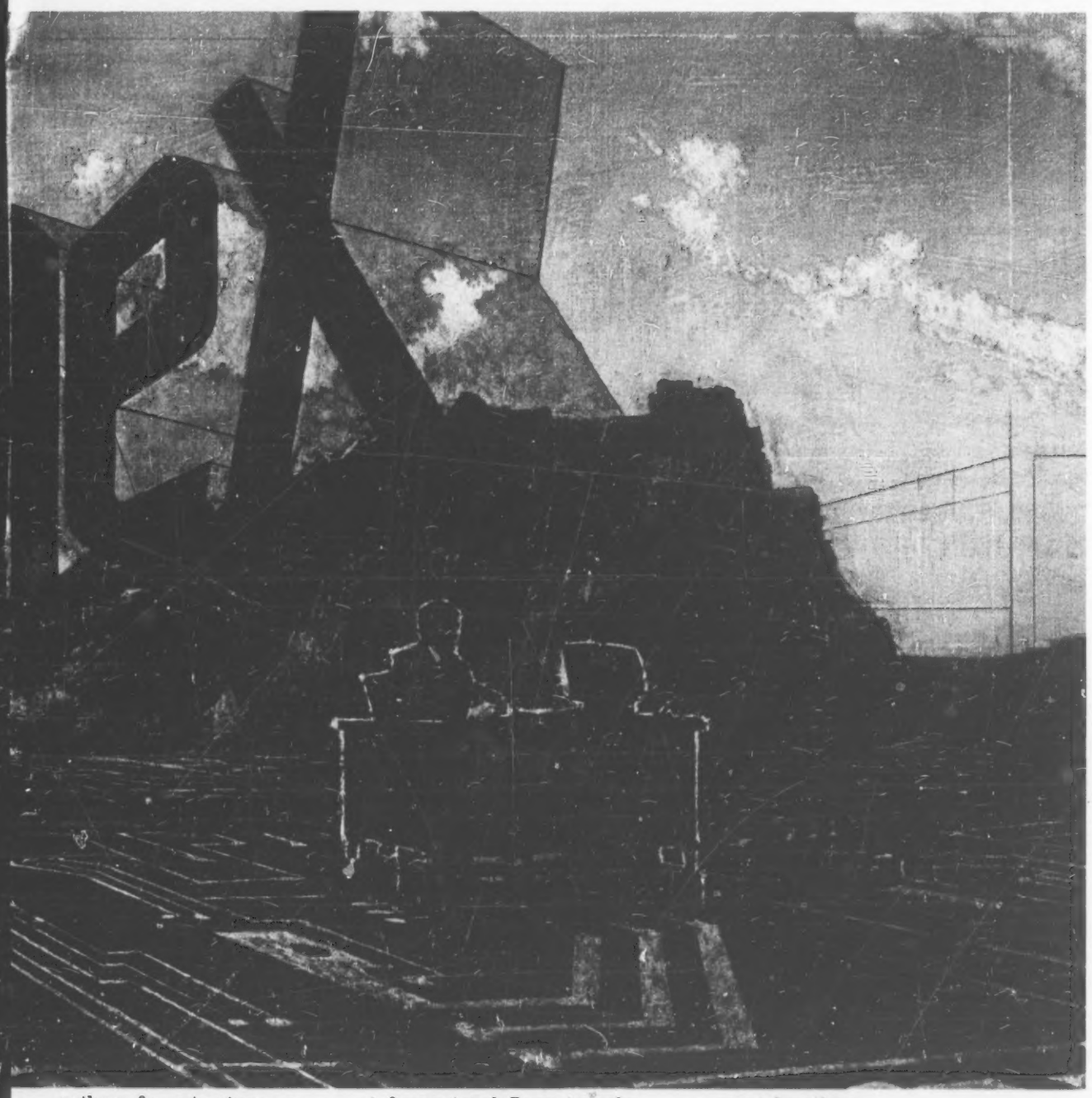
The DAIS-Link data base, introduced in August, provides access to a wide range of investment information including daily pricing; volume; up-to-date earnings reports; historical price-earnings ratios; money flows; and valuation based on a proprietary dividend discount model; and a variety of other data. In addition, users can plug into data bases offered by I/B/E/S, Valueline and Zacks. New data bases constantly are being added.

Data can be accessed via dumb terminal or IBM and compatibles. Users can write their own programs or use either Lotus 1-2-3 or Symphony.

The list price varies depending on number of users and which data bases are accessed.

The client contact is Keith Quinton.

Endowments and foundations: A special report Oct. 15



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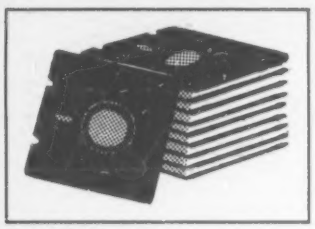

Data Exchange

Robert Gentry & Associates Ltd.
5958 Hopi Station, Scottsdale, Ariz. 85261; (602) 998-8046

The Data Exchange is a current comparative data base consisting of 908 individual funds with comparisons and rankings available within the following categories: total universe; investment objective (11 different designations); absolute return objective; asset mix philosophy; asset mix restriction; investment style; type of investment manager; risk strategy; risk experience; asset size; investment management organization; and professional management capability. Reports are available in both statistical formats and graphics.

There are approximately 105 clients with more than 900 funds. Prices range from $150 for a single report to $2,500, depending on the quantity, graphics and tabular desired.

As of mid-July, the data base is current up to June 30. Data cannot be accessed by dumb terminals, but can be accessed by microcomputers.

Users cannot write their own programs to analyze data. Canned programs to process data are available only through the Intelligent Investor series. The data base is not available through other vendors. The client contact is Steven Jeffries.

Disclosure

Disclosure Partners Inc.
5161 River Road, Bethesda, Md. 20816; (301) 951-1300

Disclosure offers financial information on public corporations. The data base is available in monthly diskettes and is on-line.

As a monthly diskette, it is packaged as Micro/Scan: Disclosure II by Isys Corp. Available through Isys since 1982, the data base comes with the firm's Micro/Scan software package and provides information on 8,400 companies (hard disk version) or 5,500 companies (floppy disk version). There are 53 variables per company that can be used for sorting. It contains screening and report writing capabilities. It also contains balance sheet, income statement, stock market and key financial ratios. Daily prices and price related variables may be updated through the Isys One/Source pricing and data base update service.

Data can be accessed by IBM PC, XT and compatibles. Users can write their own programs in a Lotus environment. Isys has 20 clients. The list price is $6,500. The client contact at Cambridge-based Isys is Walter J. Campbell at (617) 491-6221.

Since August 1983, it has been available through ADP Network Services in Ann Arbor, Mich. Updated weekly, it is a source of un-restated financial data on public corporations direct from SEC filings, including officer and ownership information and management discussions.

Data can be accessed by dumb terminals and the IBM PC, using ADP's Datapath software program. Users can write their own programs.

The firm has 30 clients. The client contact at ADP is Thomas Belding, (313) 769-6800.

e

The Exchange

Worldwide Exchange Group Ltd.
1325 S. Colorado Blvd., Suite 509, Denver, Colo. 80222; (800) 792-6885

The Exchange, introduced this year, directly links institutional buyers with sellers of investment real estate. Users can search against 33 variables — including cap rate, gross rent multiplier, rental information and cash flow — through the national data base and find properties meeting specific needs.

The Exchange allows direct communication with a property owner or the owner's agent. Sellers also are made aware of specific buyer needs to further expedite acquisitions. Property types are mainly shopping centers, office buildings and apartments with an average price of $5 million.

There are approximately 200 members. Costs are an annual membership fee of $5,000 and a connecting charge of $10 per quarter-hour. Data are updated daily and can be accessed by the IBM PC and compatibles.

Users can write their own programs. The firm is developing programs to process data.

f

FASB Statement 33 Databank

Value Line Data Services
711 Third Ave., New York, N.Y. 10017; (212) 687-3965

The data base, introduced in 1981, is the only source of financial disclosures required by Statement 33, "Changing Prices, Reporting Their Effects in Financial Reports." It provides users with current value (inflated adjusted) information on the largest U.S. corporations.

The data base includes all U.S. companies that meet the size test (more than $1 billion in gross property and plant equipment and inventory) and that have a year-end before Feb. 1, 1983.

There are 85 clients. The price is $475 and $195 for update. Hugh L. Crowther is the client contact.

Fastock II

ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

The Fastock II data base, introduced in 1972, provides historical daily prices, trading volumes, dividends and interest payments for principal stocks, put and call options, money market and mutual funds, corporate, municipal and federal bonds traded in U.S. markets. It also includes 250 market indicators. The coverage, which primarily is for U.S. issues with some international companies traded on U.S. exchanges, includes more than 100,000 issues with securities prices from 1971 to date and dividends from 1968 to date.

Data, which are updated daily, can be accessed by dumb terminals and, using the firm's Datapath in conjunction with Lotus 1-2-3 or Symphony, IBM PC and XT. Users can write their own programs. The client contact is Thomas Belding.

Financial Post Corporate Database

Financial Post Investment Databank
777 Bay St., Toronto, Ontario M5W 1A7; (416) 596-5693

The Financial Post Corporate Database, introduced in 1970, provides annual coverage on more than 400 Canadian companies, including 100 facts derived from balance sheet, income statement and source application of funds.

Data are updated annually with the history of most companies available to 1959. It also provides quarterly coverage on 100 companies, including 20 facts derived from income statements.

The service, which has approximately 30 clients, costs $6,000 annually or can be accessed on a per item basis. Data can be accessed by dumb terminals and by IBM PC users

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through an account with I.P. Sharp Associates.

Micro-users can write their own programs. Canned programs are not available. The client contact is Sandy Switzer.

In addition to I.P. Sharp, the data base is available through FRI Information Services and DRI of Canada.

The Isys Corp., Cambridge, Mass., also supplies the data base, packaging it with its Micro/Scan software on a monthly diskette. Dubbed Micro/Scan: Financial Post, the product allows users to sort and screen companies by 52 variables. It also provides custom-tailored reports.

Data can be downloaded and manipulated on Lotus 1-2-3. Users can write their own programs.

The product can run on IBM PC, XT and compatibles. At Isys, Walter J. Campbell at (617) 491-6221 is the client contact.

Financial Post Survey of Predecessor and Defunct Companies

Financial Post Investment Databank
777 Bay St., Toronto, Ontario M5W 1A7; (416) 596-5693

The data base provides a history of changes affecting Canadian public corporations for a period of more than 50 years, including such information as name changes, amalgamations and acquisitions covering approximately 10,000 corporate entities.

There is no subscription fee. Price is determined by time-sharing costs.

Data is updated annually. It can be accessed by dumb terminals, but not by microcomputers. The product is available through QL Systems. The client contact is Sandy Switzer.

Financial Post Securities Database

Financial Post Investment Databank
777 Bay St., Toronto, Ontario M5W 1A7; (416) 596-5693

The Financial Post Securities Database, introduced in 1970, provides information on daily trading for combined or individual Canadian exchanges (TSE, MSE, VSE and ASE). It also follows daily trading for the New York and American stock exchanges.

The price is based on time-sharing costs. There are more than 30 clients.

Data are updated daily and can be accessed by dumb terminals and the IBM PC. Canned programs to process data are not available. The data base is offered through I.P. Sharp Associates. The client contact is Sandy Switzer.

Find/SVP Reports & Studies Index

Find/SVP
500 Fifth Ave., New York, N.Y. 10110; (212) 354-2424

The Find/SVP Reports & Studies Index data base, introduced in April 1982, includes in-depth industry and market studies, surveys and polls, audits and industry or company reports issued by investment brokerage firms. The file is designed for access to comprehensive analyses of markets, industries, products and companies. Records include concise abstracts summarizing the content of each report, and are divided into 55 major subject areas. There is publication availability through the publisher and DIALOG's electronic ordering service.

It costs $78 per connecting hour. Data can be accessed through DIALOG, which is its sole vendor. The client contact is Susan De Gange.

Flow of Funds

Federal Reserve Board
Washington, D.C. 20551; (202) 452-3000

The Flow of Funds data base, introduced in 1980, contains 4,300 time series that deal with the sources and uses of funds in the United States economy for 50 major sectors. For example, it has credit market information, broken out by type, held by households, business, state and local governments. It covers mortgages, bank deposits, consumer credit, charge accounts, tax payments, dividends and corporate profits.

ADP Network Services also is a vendor of the data base.

In addition to dumb terminals, data can be accessed with the IBM PC, using ADP Network Services' Datapath software program, which allows users to download data into Lotus 1-2-3. Also, users can write their own programs. The yearly fee through ADP is $1,000 or $50 per month plus 25 cents per data point to a cap of $2.50 per time series.

The client contact is Thomas K. Belding at (313) 769-6800.

Ford Data Base

Ford Investor Services
11722 Sorrento Valley Road, Suite 1, San Diego, Calif. 92121; (619) 755-1327

The Ford Data Base is available online and in monthly diskette packages. Introduced in 1977, it consists of data on 1,400 companies in 88 industries. It includes 20 items of primary data that are compiled or derived from company reports and publications, and more than 14 items derived from the primary data, including a wide variety of ratios, indicators and evaluations.

The compete file is updated each month. Data from prior months are retained in a historical file to August 1974.

There are approximately 100 users. The price is $120 a month. Data can be accessed by dumb terminals, and by microcomputers with modems through the Telenet system. The client contact is David Morse.

The data base is also available through Isys Corp.'s Micro/Scan monthly diskettes for microcomputers.

Dubbed Micro/Scan: Ford, the package, using Isys' software, will screen the data base by any of 54 variables. It includes fundamental data plus results from several stock valuation models.

Data can be updated daily. Users can download into Lotus or other popular spreadsheets and manipulate data. There are no time-sharing costs.

Users can create custom-tailored reports on an IBM PC or XT.

There have been 90 copies sold; prices start at $6,500.

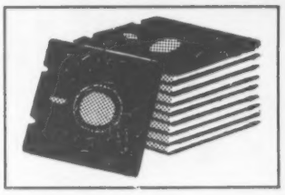
The client contact at Isys is Walter Campbell, (617) 491-6221.

Futures

ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

The Futures data base and analysis system, which will be introduced in November, is a comprehensive information source for up to 10 years of historical pricing and volume of commodities and futures contracts.

The data base is updated daily on futures contracts for more than 90 commodities tracked in more than 30 world exchanges. Commodities covered include financial instruments, currencies, precious metals, raw materials, livestock and meat, grains and feeds, and miscellaneous foods. For many contracts, the data base contains current-day cash prices and estimated volumes.



Data can be accessed by dumb terminals and, in conjunction with Lotus 1-2-3, with the IBM PC and XT. Users can write their own programs. Canned programs are available to process data. The client contact is Thomas Belding.

Endowments and foundations: A Pensions & Investment Age *special report Oct. 15*

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Ed Trocke, senior vice president, Corporate Trust Division, left; and Norman Carl, senior vice president, Trust Group Manager.

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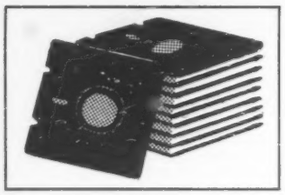
For more information on First American Trust Services, contact: Ed Trocke or Norman Carl, First American Trust Group, First American National Bank, Nashville, TN 37237. (615) 748-2824.



FX-Foreign Exchange Data and Reporting

ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

Through daily updates, the FX data base, introduced in 1977, enables the user to track changes in spot and forward rates for 35 currencies. Both bid and ask reports are provided. In addition, the firm provides daily updates on domestic and Eurocurrency interest rates, external historical data, integrated access to other ADP data bases and advanced graphics capabilites.

Data can be accessed by dumb terminals and with IBM PC and XT, using the firm's Datapath software program, which allows users to download data into Lotus 1-2-3. Also, users can write their own programs. The client contact is Thomas K. Belding.

Endowments: Special report Oct. 15

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GSA

g

Global Finance Information

Rapidata Division, National Data Corp.
20 New Dutch Lane, Fairfield, N.J. 07006; (201) 227-0035

The Global Finance Information data base provides daily foreign exchange and international money market data.

Ten countries and their currencies are covered: United States, Canada, Japan, United Kingdom, France, Germany, Belgium, Netherlands, Italy and Switzerland.

Data can be accessed by dumb terminals and with an IBM PC or, using a Hayes modem, Northstar Advantage. Users can write their own programs. The price is based on a surcharge upon software access of data base. Dorothy Monopoli is the client contact.

GSMS — Government Securities Management System

The Bond Buyer/Lloyd Bush Joint Venture
156 William St., 8th Floor, New York, N.Y. 10038; (212) 962-4004

The Government Securities Management System, introduced in 1979, provides on-line information on GNMA, FNMA and FHLMC securities including: original unpaid balance, current unpaid balance, factor, payoff speeds, price/yields, accrued interest and historical balance information.

Information is updated monthly.

There are approximately 40 clients. Users can pay a monthly fee of $2,700 for unlimited access or an hourly fee of $25 for connection plus usage charges. The data can be accessed via dumb terminals and microcomputers. The client contacts are Todd Snyder and Joan Schoepp.

Public pension funds: A special report, Nov. 26

h

HBR/Online

John Wiley & Sons Inc.
605 Third Ave., New York, N.Y. 10158; (212) 850-6360

HBR/Online, introduced in 1982, consists of citations and abstracts to Harvard Business Review articles from 1971 to the present, plus 800 earlier articles. From 1976 to present, records include the full text of the article. In addition, approximately 7,000 cited references from Review articles are included. It covers a wide range of strategic management subjects including accounting, organizational behavior, industry analysis, international trade, business ethics, economic outlook, marketing, computers, personnel relations, finance, informations systems and advertising.

Data can be accessed by dumb terminals and microcomputers. Online services are available through Telenet, Tymnet and Uninet. The client contact is Gary Craig.

i

I/B/E/S (Institutional Brokers Estimate System)

Lynch, Jones & Ryan
325 Hudson St., New York, N.Y. 10013; (212) 243-3137

I/B/E/S, introduced in 1972, contains statistical data relating to earnings per share expectations of more than 3,200 publicly traded companies. These estimates, both quarterly and annual, are made for one and two years in the future plus a five-year growth forecast. More than 2,000 analysts at more than 90 brokerage firms make the estimates and update them continually. Historical data is available to Jan. 1, 1976.

I/B/E/S has about 400 clients. Prices, which are quoted in commission dollars, depend on detail required and level of usage.

Data can be accessed by dumb terminals; also, with the IBM PC and Apple II, IIe and III microcomputers.

Micro-users can write their own programs to analyze data. Canned programs Visi-Calc and Lotus 1-2-3, are available to process and analyze data. The client contact is Jo-Ann Larsen.

The Isys Corp. in Cambridge, Mass. also sells the data base and its Micro/Scan program in a monthly diskette package. In that form, there are 56 variables per company by which user can screen, sort and create custom tailored reports. In addition to monthly diskettes, data can be updated through the Isys One/Source daily pricing and data base update service.

The Isys package can run on the IBM PC, XT and compatibles. Cost runs more than $6,500. There are 50 clients. Walter J. Campbell is the client contact.

Icarus

Zacks Investment Research
2 N. Riverside Plaza, Chicago, Ill. 60606; (312) 559-9405

Icarus, introduced in 1978, contains more than 30,000 current estimates for earnings per share of about 3,000 companies. It includes estimates for current quarter, next quarter, current fiscal year, next fiscal year and long-term growth rate.

The estimates are extracted on a daily basis from research reports of 78 brokerage firms. Custom analyses of data to client specifications are available.

The data base is updated daily and is available to users on a daily basis in report, tape, on-line and diskette modes. Data can be accessed by dumb terminals and any microcomputer with a modem. Micro-users can write their own programs to analyze data. The firm also provides canned programs to process data.

Prices range from $500 to $25,000 a year.

Subsets of the data base are available through Dow Jones, Quotron, Compustat, ADP, DRI, IDC, MEAD and ZData diskettes.

The client contact is L. Zacks.

Impact Information Services

Impact 1040 Corp.
110 110th Ave. N.E., Suite 203, Bellevue, Wash. 98004; (800) 821-9905 or (206) 451-8481

Impact, introduced in 1982, maintains an electronic library of limited partnership information including summaries of currently offered public partnerships, Reg D filings, SEC filings, a program sponsor directory and prior performance summaries. It is updated weekly. Also included is an electronic mail system and program sponsors' data bases.

Data can be accessed via dumb terminals or microcomputers that can be connected to a modem.

The firm has 80 clients who pay an annual fee plus a usage charge. The data base is also available through Quotron.

Insider Trading Monitor

FCI-Invest/Net
99 N.W. 183 Road, North Miami, Fla. 33169; (305) 652-1710

The Insider Trading Monitor, introduced in 1983, is the largest existing data base on the buys, sells and options exercises of corporate insiders. Transaction data on all U.S. stocks is loaded into the data base within 24 hours of its release by the SEC and made ready for dissemination through various channels. Users can monitor industry groups, specific monitor lists and can have a complete up-to-date, accurate monitor available of transaction data concerning all U.S. stocks.

Data can be accessed by dumb terminals or with a modem-connected microcomputers. Users can write their own programs.

Prices vary between direct dial-in users at $1 per minute and raw data buyers at various prices. The client contact is Robert M. Gabele.

Integrated Resources for Investment Solutions (IRIS)

Frank Russell Co.
1100 First Interstate Plaza, Tacoma, Wash. 98402; (206) 572-9500

The Integrated Resources for Investment Solutions data base, introduced this year, gives monthly updates on data on 2,000 equities including end of month prices; current and historical earnings and dividends; company fundamentals; current and historical P/E; beta; total performance for five periods; industry, sectors, earnings trends classifications; and major market indexes — historical performance and profiles.

It also can access the Frank Russell Co. universe of equity manager profiles and the universe of equity manager performance.

Data can be accessed by microcomputers only. Hardware used is the IBM PC with hard disk, IBM XT, IBM AT, Compaq with hard disk and Compaq Plus. Users can write their own programs. Canned software is also provided.

The firm has 10 clients. The list price is $20 — 30,000 commissions for the data base/system. The client contact is Bill Koenig.

International Financial Statistics

International Monetary Fund
Washington, D.C. 20431; (202) 477-3243

The International Financial Statistics data base, introduced in 1980, consists of 17,000 major financial and

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economic indicators for more than 160 countries.

Groups included are exchange rates, money measures, government revenues and expenditures, price and volumes of exports and imports, price and wage indexes, and international liquidity such as reserves, foreign assets and liabilities of deposit banks.

ADP Network Services, a vendor of the data base, charges $1,500 a year, or $50 a month plus 25 cents per data point to a cap of $2.50 per series.

Updated monthly, data can be accessed by dumb terminals and the IBM PC, using ADP's Datapath software program allowing users to download data into Lotus 1-2-3. Users can write their own programs. The client contact is Lucille Woodard.

International Financial Statistics Data Base

Rapidata Division, National Data Corp.
20 New Dutch Lane, Fairfield, N.J. 07006; (201) 227-0035

The International Financial Statistics Data Base, introduced in 1981, provides historical macroeconomic, trade, balance of payment and gold tranche position data for more than 100 countries.

It also contains data on loans, grants, payment arrears and rescheduling of arrears.

The data base is updated monthly.

Data can be accessed with dumb terminals and microcomputers — IBM PC and Northstar Advantage with Hayes modem. Users can write their own programs. It is priced upon standard C.P.U. units.

The client contact is Dorothy C. Monopoli.

Invest-Tech

Investment Technology
167 Main St., Metuchen, N.J. 08840; (201) 494-1200

Invest-Tech, introduced in 1983, provides its own dial-up data base and allows users to access 20 evaluative programs on-line. Options provided include electronic mail service and electronic auto-entry.

Portfolio evaluations and data retrieval can be accessed on the same format.

The program allows users to screen 4,500 stocks based on up to 13 user-set criteria. Also, it can derive the projected trading range for the coming week and can generate buy/sell signals based on either technical or fundamental indicators.

The programs are self-testing, allowing users to see what profit and losses would have occurred historically if the buy/sell signals had been followed. In addition, the user can predict a portfolio's performance and then make changes in the portfolio and see how that would effect future performance.

Data, which can be accessed using any personal computer with a modem, is updated daily and weekly. Fees are paid on a negotiable soft-dollar basis.

In addition to the firm, other vendors are Fidelity Brokerage Services Inc., Boston, and Radio Shack, Fort Worth, Texas.

Brian Kadisch is the client contact.

Investext

Business Research Corp.
1660 Soldiers Field Road, Boston, Mass. 02135; (617) 787-2205 or (800) 662-7878

Investext, introduced in 1983, contains the full text of reports written by research analysts at major investment banking and financial research firms on companies and industries worldwide.

The reports appear on-line two to four weeks after publication date. Financial data and market forecasts are available for 1,500 large, publicly held U.S. corporations, for 1,000 smaller, emerging U.S. companies and for 1,000 foreign firms.

Data include stock prices, balance sheets, quarterly and annual reports, lines of business, cash flow models, p/e multiples, five-year sales and income models, analyses of sales and operating income by business segment, profit and loss statements and capital expenditures.

Industry reports cover 50 different industries and include such data as market share tables, consumer spending habits, growth rates, patterns and determinants, and production and distribution figures.

The data can be accessed by dumb terminals supported by a 300/1,200 baud modem and with microcomputers having communications capacity. Users can write their own programs.

The firm has approximately 1,500 clients. The hourly menu-driven fee is $95 and $4.50 per page; the query-driven hourly fee is $96 and $4.50 per page.

The firm also offers the Investext/PC-Link, a communications software package for use with its data base system. Designed for use with the IBM PC or XT (or compatibles), it simplifies the connection to the Investext data base, and the searching and retrieval of information from this file of full-text brokerage research reports.

The program functions include: log-in to Investext; print data from the data base; save data from the data base to a diskette, in DOS format; print and save data simultaneously; log-out from the data base; and exit to DOS.

The list price for the disk alone is $99 and $149 for the disk plus a $100 Investext credit.

The client contact for the data base and the software package is Sharon LaRosa.

Pensions & Investment Age's regular **Datebook** section includes a listing of events in cash management. Send information regarding conferences or meetings to Eddy Christman, *Pensions & Investment Age*, 220 E. 42nd St., New York, N.Y. 10017.

j

Japan Company Reporter

Eagle Enterprises Ltd.
302 Shore Heights, Funamachi #9, Shinjuku-ku, Tokyo, Japan 160; (03) 351-7704

The Japan Company Reporter, just introduced, is a file of Japanese firms' consolidated financial statements.

This data is available on floppy diskettes for IBM PC users and the Lotus 1-2-3 program. The data is updated monthly on floppy disks with fundamental ratio and technical data bases on diskettes for Lotus 1-2-3. The data base screens data on more than 700 industrials to meet the users' standards. It also performs "what if" calculations with the financial ratios in the financial statements.

The data can be accessed only on floppy disks. Users can write their own programs if they are using Lotus 1-2-3.

The annual cost is $2,500. Trial subscriptions are available. The client contact is Roderick Seeman.

m

Marketscan

Info Globe
444 Front St. West, Toronto, Ontario M5V 2S9; (416) 585-5250

Marketscan, introduced in 1981, contains daily stock quotations on a historical basis from the Toronto, Montreal, Vancouver, Alberta, New York and American stock exchanges.

Each stock has 250 trading days (approximately one year) available on-

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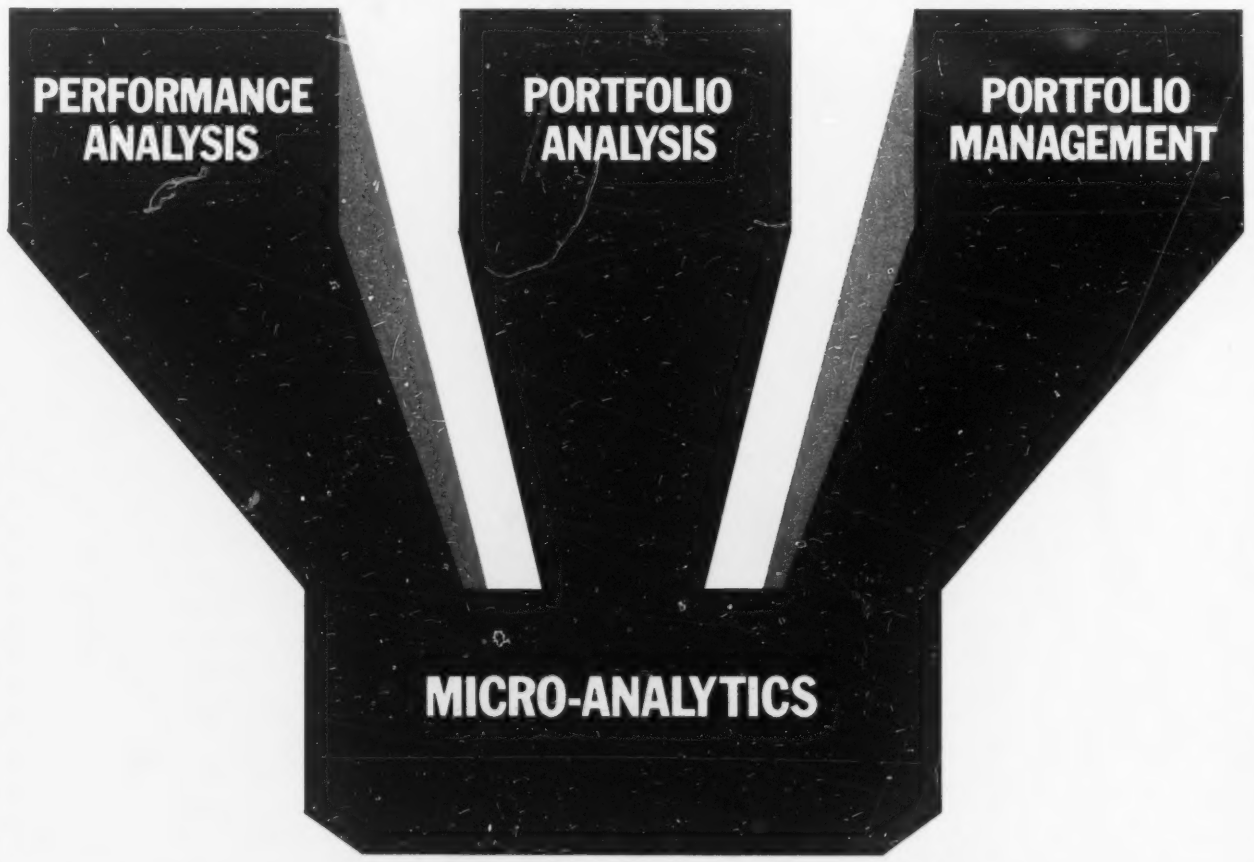

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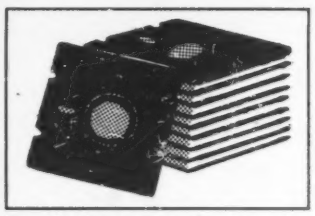

line. Weekly quotes date from August 1982.

Data can be accessed via dumb terminals or any modem-equipped microcomputer. Technical analysis and graphing software packages are available from a variety of sources. Users can write their own programs.

The company has 750 clients. There is a $50 initiation fee plus a $2 connecting fee per minute in prime time and a 50-cent charge per minute at other times. The client contact is Rick Noble.

Mergers & Acquisitions

ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

Mergers and Acquisitions data base, introduced in May, is a record of all merger, acquisition and divestiture transactions involving more than $1 million. It contains more than 13,000 deals going back to January 1979. Up to 140 data fields are available for each deal, including a 1,000-character description of the terms of the deal.

Data can be accessed by dumb terminals and the IBM PC, using the firm's Datapath software program. Users can write their own programs. There are 25 clients. The client contact is Thomas K. Belding.

Merlin/Dial Data

Hale Systems
1044 Northern Blvd., Roslyn, N.Y. 11576; (800) 645-3120

The Merlin/Dial data base, introduced in 1980, can track daily, weekly and monthly prices for stocks, options and commodities. Information is available on more than 200 market indexes. Historical data to 1970 is available.

There are approximately 1,100 clients using the data base.

Prices are by quote.

Micro/Scan: Drexel Burnham Lambert

Drexel Burnham Lambert
60 Broad St., New York, N.Y. 10004; (212) 480-5093

The Drexel data base, introduced in 1983, contains data on more than 1,700 companies in 38 industries.

The Isys Corp, Cambridge, Mass., offers the data base with its Micro/Scan software in a monthly diskette package. With that package, there are 56 variables per company by which the user may sort, screen and do report writing.

Fundamental and technical data supporting earnings surprise analysis, and stock price evaluation from a dividend discount model perspective, are available.

In addition to monthly updates, daily prices and EPS changes may be updated daily through the Isys One/Source daily pricing and data base update service. The package uses IBM PC, XT or compatibles. The data base may download into Lotus or other spreadsheets. Users can write their own programs in a Lotus environment. The list price for the Isys package is $6,500. The Isys client contact is Walter Campbell at (617) 491-6221.

Micro/Scan: DRIBAS

Data Resources Inc.
29 Hartwell Ave., Lexington, Mass. 02173; (617) 863-5100

The DRIBAS bank and holding company data base contains information on more than 14,000 commercial banks and more than 1,600 holding companies. Company data includes size, asset mix, liability mix and growth rates.

The Isys Corp, Cambridge, Mass., offers the data base with its Micro/Scan software in a monthly diskette package. That package will perform peer group analysis and screening. Also, user can tailor reports to his needs.

The package is compatible with all the popular spreadsheet packages, including Lotus 1-2-3.

Data can be accessed by IBM PC, XT and compatible microcomputers. Users can write their own programs in a Lotus 1-2-3 environment. At Isys, the client contact is Walter Campbell at (617) 491-6221.

Money Data

Technical Data Corp.
45 Milk St., Boston, Mass. 02109; (617) 482-3341

Money Data, introduced in December 1982, provides statistical and technical analysis of the short-term market and financial futures.

It includes a commentary evaluating money market investment opportunities, historical spreads between money market instruments, updated yield curve and arbitrage analysis against the international monetary market bills and CD contracts.

There are 600 clients, paying a monthly fee of $125. Data, which can be accessed with dumb terminals through the Telerate System, is available in a 25-page format and updated five times a day.

The client contact is Steve Tenney.

n

NewsNet

NewsNet Inc.
945 Haverford Road, Bryn Mawr, Pa. 19010; (215) 527-8030 or (800) 345-1301

NewsNet, introduced in 1982 and updated continuously, carries more than 20 investment-related newsletters and services including The Wellington Letter; Howard Ruff's Financial Success Report; The Stranger Report; Tax Shelter Insider; Wall St. Monitor; and Ford Investment Review; and 180 other business newsletters.

Data can be accessed by dumb terminals and microcomputers. The firm has 6,000 subscribers. The monthly fee is $15 plus connecting charges. The data base is also available through the Business Computer Network.

Niteline

National Computer Network
1929 N. Harlem Ave., Chicago, Ill. 60635; (312) 622-6666

The Niteline, introduced in 1982, offers a full range of securities pricing data and corporate financial information.

Price and volume information is available on a live basis and historically, to 1975 for futures and 1979 for stocks, bond options and indexes. Data include high, low, close and volume for stocks listed on the NYSE, ASE, Canadian and OTC/NASDAQ; bid, ask, last, volume and open interest for all U.S. traded options: and open, high, low, settlement, volume and open interest for all futures traded in the United States.

It also provides quarterly and annual accounting numbers for 1,500 companies, as well as technical price, volume and movement indicators for 3,800 companies.

There are approximately 400 clients. Prices range form $9 to $18 an hour.

Data is updated daily. It can be accessed by dumb terminals and by microcomputer with up to 1,200 baud that communicates asynchronously.

Micro-users can write their own programs or purchase canned programs.

The firm is the only vendor of the data base. The client contact is Tom McDonald.

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PCTrader
Wilshire Associates
1299 Ocean Ave., Suite 700, Santa Monica, Calif. 90401; (213) 451-3051

The PCTrader, introduced in the spring, provides an integrated package of current or 20-minute delayed last sale and best bid/offer prices from exchanges and NASDAQ, and for listed options includes watch list facilities. It also provides fundamental research data on more than 6,000 issues, and screening and custom report generation using 30 data items for those securities.

In addition, users — with a direct broker connection — can enter and confirm on-line purchase/sell orders. Also, it supplies fundamental and technical oriented on-line graphics, (on IBM-PC) using a 365-day, 52-week 60-month market activity data base of 6,000 issues.

Data can be accessed by dumb terminals and standard modem-equipped microcomputers. The firm has about 70 clients. The fee for connect time only is $30 per hour prime time, $20 per hour off peak and $10 per hour at night.

It also is available through Security Pacific Brokers Inc.

The client contact is Terry Dennison.

POOL
McDonnell Douglas CSS
7535 E. Hampden Ave., Denver, Colo. 80231; (303) 695-1500

The POOL data base, introduced in 1983, has all information on FHLMC, FNMA, GNMA and GNMA II mortgage-backed securities. It also provides the user with the mechanism to report principal, prepaid principal and interest on a particular certificate; do price/yield calculations using various prepayment scenarios; and do cashflow projections based on various prepayment scenarios.

The data base is updated bimonthly. Data can be accessed via dumb terminals or modem-equipped microcomputers. Users can write their own programs.

The firm has 25 clients on a timesharing fee. The client contact is Cory Sokoloski.

Port-vue
Security APL Inc.
950 Third Ave., New York, N.Y. 10022; (212) 752-6255

Port-vue provides on-line, real time portfolio management and performance measurement. It has "what-if" capabilities allowing managers to project investment strategy across selected accounts and gauge the consequences on a pro-forma basis. The data base supplies daily stock prices.

The data base can be accessed by the IBM microcomputer. Fees are negotiable. James K. Waller is the client contact.

Promt
ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

The Promt data base, introduced in August, contains abstracts from more than 1,500 domestic and international publications on new products, mergers and acquisitions activity, capacities, market data, technology and more for major industries. The data available include 400,000 abstracts on more than 100,000 companies — including private and foreign — that are accessible through text searching or product, event, geographic or company codes/identifications.

The data base is updated weekly, adding about 2,500 abstracts. Promt also is available through DIALOG.

Data can be accessed by dumb terminals and the IBM PC, using the firm's Datapath software program, which allows users to download data into Lotus 1-2-3. Also, users can write their own programs. The client contact is Thomas K. Belding.

PSA Database
McDonnell Douglas CSS
7535 E. Hampden Ave., Denver, Colo. 80231; (303) 695-1500

Introduced in 1982 and updated monthly, the PSA historical data base contains records of long-term and short-term municipal securities, dating to 1977. Information includes issue size, use of proceeds, underwriters and whether the issue was competitive or negotiated.

Data can be accessed via dumb terminals and modem-connected microcomputers. Users can write their own programs. The product also is available through Securities Data Corp.

McDonnell Douglas CSS has 200 clients. There is a timesharing fee based on units used. The client contacts are Liz Spurr and Cory Sokoloski.

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QLine
Quoteline Inc.
75 Monigomery St., Jersey City, N.J. 07302; (201) 333-6533

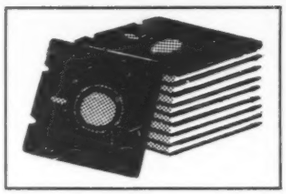
QLine is an on-line/real time Stock and Option Quote Service designed for Apple, IBM and DEC personal computers. The service features price monitors, a selective trade ticker, a comprehensive quote retrieval display, user-designated quote files and option chains and an electronic message/order transmission option that connects branch offices or other remote locations.

The product was introduced in 1983; there are 120 clients. The service costs $275 a month (full-time) in major metropolitan areas and slightly more in outlying locations. Part-time use is available starting at $50 per month.

Data can be accessed by users with Apple IIe, II+, IIc, MacIntosh and Lisa; Franklin Ace; IBM PC, XT and AT; DEC Rainbow; Pro350; and Microvax. Micro-users, with exchange approval, can write their own programs to analyze data. The firm provides all software to request and receive market data and is developing other applications, including a high-speed feed for any computer to receive processed stock to option data.

The client contact is Walter Runge.

The growth, status and management of endowments and foundations will be the focus of a special report in the Oct. 15 edition of Pensions & Investment Age.



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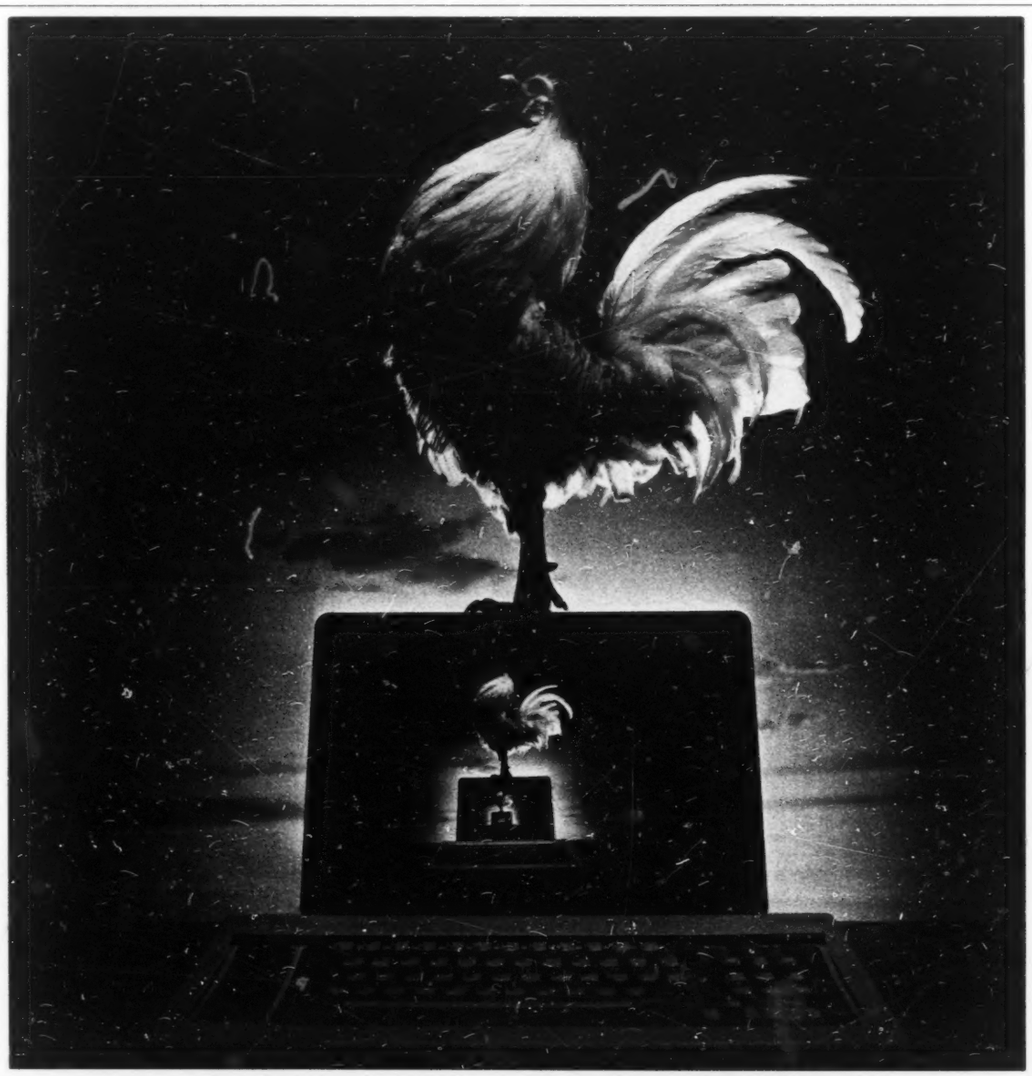
Rapidquote
Rapidata Division, National Data Corp.
20 New Dutch Lane, Fairfield, N.J. 07006; (201) 227-0035

The Rapidquote II data base, introduced in 1971, provides current and historical trading, financial and descriptive information on more than



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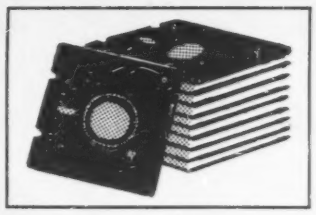


52,000 U.S. equity and debt securities. Historical data goes back 12 years. More than 200 key market and industry indexes are included. Typical data available for each security are price, volume, high, low, closing dividends, beta factors, CUSIP, exchange code, EPS shares oustanding and many others.

The firm provides applications software to do analyses. Data can be accessed by dumb terminals and either the IBM PC or Northstar Advantage with a Hayes modem. Users can write their own programs. The list price is a surcharge based upon software access of data base.

The client contact is Dorothy Monopoli.

Research Services

Shaw Data Services Inc.
122 E. 42nd. St., Suite 610, New York, N.Y. 10168; (212) 682-8877

Research Services, introduced in 1976, consists of five data base services. They are: Security Evaluation (Shaw Data's own technical data base) which contains five years of daily high/low/close, volume and analytical measures as well as quarterly earnings and dividends for more than 3,000 companies; Value Line (fundamental data base), which consists of 11 years of 400 items for more than 1,900 companies; Merrill Lynch Equity Database, which is updated nightly and contains opinions and earnings estimates as well as analytical data items for more than 1,100 companies; I/B/E/S, updated weekly, has consensus earnings estimates, including projections for current quarter, for more than 3,000 companies and earnings estimates by broker; and Evan's Economics' Electronic News Service, which provides real-time access to news releases and instant analysis, a daily economic outlook report summarizing events that will influence trading, and consensus forecasts.

Data is accessed by dumb terminals and the IBM PC, XT and Compaq with the firm's Communications Interface Unit. Shaw's Translator II prepares downloaded data files for manipulation/processing in IBM PC-compatible electronic spreadsheets or the user's own programs.

The firm has 90 clients. The monthly fee is $200 to $1,200 plus communications/equipment charges. The client contact is John McGowan.

S

Savings & Loan

ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

The Savings & Loan data base contains data on more than 4,000 savings and loan institutions insured by the FSLIC. It covers income statement and balance sheet information for more than five years. Precalculated items and ratios are included to enhance analysis and searching. The data is stored in a quarterly format to ensure consistent reporting.

Data can be accessed by dumb terminals and the IBM PC, using the firm's Datapath software program, which allows users to download data into Lotus 1-2-3. Also, users can write their own programs.

The client contact is Thomas K. Belding.

Scan 200

ADP Network Services/Townsend-Greenspan
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

The Scan 200 data base, introduced in 1983, contains data on the 200 most frequently monitored business indicators, plus Townsend Greenspan forecasts of 100 of these indicators. Groups include corporate financial status, exchange rates, interest rates, money stock measures, investment and capital expenditures, consumer spending and borrowing, and stock market indexes.

Data can be accessed by dumb terminals and microcomputers using Datapath software. Also users can write their own programs to analyze data.

The list price for forecasted data is $2.50 per data point capping at $20 per series and the cost of historical data is 25 cents per point capping at $2.50 per time series.

The client contact is Thomas Belding.

Securities Data Co.

Securities Data Co.
62 William St., New Nork, N.Y. 10005; (212) 668-0940

The company has three data bases with issues dating to 1970: New Issues of Taxable Securities, New Issues of Tax-Exempt Securities and Mergers and Acquisitions.

The first data base contains the issuer, date, amount and description of issue, ratings, underwriting fees, managers, company financial, call and sinking fund provision for public issues, private placements, shelf and non-shelf issues in registration, debt-equity swaps and indenture convenants. The client contact is Robert H. Bing.

For the New Issues of Tax-Exempt Securities data base information includes issuer, description of serial and term maturites, ratings, interest costs, underwriting fees and guarantors, and call and sinking fund provisions for such areas as housing, health care, transportation water, general obligation, pollution control, industrial development, public power and education. The client contact is Glen Ross.

The Mergers and Acquisitions data base gives a description and value of a transaction, premiums and fees paid, target and acquirer financial data, advisers and location and industry for mergers, tender offers, repurchases, acquisitions, divestitures and certain foreign transactions. Dorothy Watkins is the client contact.

Short-Term Projections (STP) Long-Term Projections (LTP)

Townsend-Greenspan & Co. Inc.
120 Wall St., New York, N.Y. 10004; (212) 943-9515

The Short-Term Projections data base, introduced in 1980, forecasts

401(k) plans: A special section in the Oct. 29 issue

The partnership at work. Dick Fulljames, Treasurer of General Electric Pension Trusts (center), discusses global custody with Dave Mann, Chase NY (left) and Colin Grimsey, Chase London.

Global Network **Foreign Exchange**

major components of the U.S. economy. The forecasts go out eight quarters, and are updated quarterly. The Long-Term Projections data base is updated semiannually, and goes out 10 years. Forecasts include interest rates, housing, autos and trucks, industrial production, GNP and consumer spending.

The annual fee is $1,500 but that requires that users be a client of Townsend-Greenspan or commit to a resource package from ADP Network Resources, a vendor of the data.

Data can be accessed by dumb terminals and the IBM PC, using ADP's Datapath software. Users can write their own programs. The client contact at ADP is Thomas K. Belding, (313) 769-6800.

The Source Investor Services

Source Telecomputing Corp.
1616 Anderson Road, McLean, Va. 22101; (703) 734-7500

The Source Investor Services, introduced in September, include real-time or delayed securities quotations; on-line trading and confirmation; automated portfolio management; and investment related data bases. Trades will be made within 35 seconds and confirmed on-line within two minutes. The portfolio will be updated automatically and display current value of holdings. Investment data bases include the UPI business wire via satellite, which is keyword searchable; Media General financial and historical analysis; and BIZDATE electronic business and finance magazine. Trades are made through Spear Securities in Los Angeles, a discount brokerage.

An $18.50 monthly charge is imposed for those wishing access to the real-time quotations.

Data can be accessed by using dumb terminals or microcomputers.

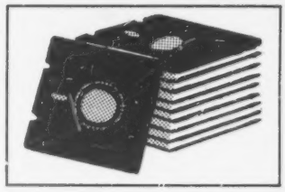
Most off-the-shelf software packages can be formatted to analyze the data. Users can write their own programs. Investor Services is also compatible with any standard computer, dumb terminal, modem and telephone.

The firm has 60,000 subscribers. There is a $49.95 registration fee, a $10 monthly minimum and an hourly charge ranging from $7.75 to $20.75.

Spectrum MicroSystems

CDA Investment Technologies
11501 Georgia Ave., Silver Spring, Md. 20902; (301) 942-1700

The Spectrum MicroSystems data base, introduced in the spring, gives the user a complete picture of the institutional ownership of 6,000 U.S. publicly held companies. It contains daily updates of SEC filings. The user can sort or screen holdings by stock, owner, type of institution, value, change in shares or date of filing. Also it can examine user-specified lists. The data base includes 700 institutions filing 13-F reports, 500 domestic investment companies and the 420 largest European investment companies.



Data can be accessed by dumb terminals and any PC-compatible microcomputer with on-line communications capability. For processing data, the firm supplies diskettes. The product is also available through DIALOG. The firm has 300 clients. The annual fee is $4,400 to $9,900 depending on frequency of update diskettes.

The client contact is David G. Cook.

S&P Marketscope

Standard & Poor's Corp.
25 Broadway, New York, N.Y. 10004; (212) 208-8594

S&P Marketscope, introduced in 1983, is a real-time financial information service providing both background/reference data and instant commentary on stock and bond markets and economic developments. Stock commentary is offered six times daily. Market movers pages are updated continually.

It also identifies active/volatile issues and provides a basis for that day's action/volume. Recommendations are given on stocks and industries in the news. It also provides interest rates periodically and investment ideas to fit five portfolio objectives.

Company statistics are updated nightly and text as warranted on-line.

The product is available through ADP and Quotron's quote systems now; it is expected to be available through Bunker Ramo by Jan. 1. Dial-up service is available via GTE Fine and now for dumb terminals. Microcomputer service is expected by year-end.

There are approximately 85 brokerage firms and banks using the product.

The price is volume based (relative to the number of terminals).

The client contact is Caren Brustein.

t

Telerate II

Rapidata Division, National Data Corp.
20 New Dutch Lane, Fairfield, N.J. 07006; (201) 227-0035

The Telerate II, introduced in 1980 provides detailed information on the U.S. money market. It offers more than 500 series covering the major domestic money market instruments, key precious metal prices, Eurocurrency deposit rates and international money market rates. The information is updated daily.

Some applications areas in which this data might be used are: interest rate monitoring and analysis; exposure monitoring and analysis; swap and arbitrage development; yield spread tracking; and tracking of precious metals.

Data can be accessed by dumb terminals and the IBM PC or Northstar Advantage, the latter using a Hayes modem. Also, users can write their own programs. The fee is based on a surcharge upon software access of data base. The client contact is Dorothy Monopoli.

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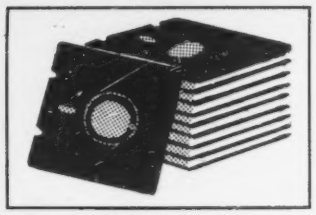

u

Usecon
ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

The Usecon data base, introduced in 1981, contains historical business and industry-specific indicators for the United States. It includes series on money market rates, mortgage rates, money stock measures, capital expenditures, stock indexes by industry, commercial and industrial loan activity of banks, consumer credit, personal income and savings, as well as information on housing, employment, foreign trade, inventories, orders and industrial production.

The cost is $2,500 a year or $100 per month plus a 25-cent charge per data point capping at $2.50 per time series.

Data can be accessed by dumb terminals and the IBM PC, using the firm's Datapath software program, which allows users to download data into Lotus 1-2-3. Users can write their own programs. The client contact is Thomas K. Belding.

401(k) plans: A special section in the Oct. 29 issue of Pensions & Investment Age.

v

Value Line Data Base II
Value Line Inc.
711 Third Ave., New York, N.Y. 10017; (212) 687-3965

The Value Line Data Base, introduced in 1973, contains fundamental financial information on more than 1,600 companies and more than 80 industrial composites. It also includes quarterly results, earnings estimates and target price forecasts, sales and earnings by business line and commonly used ratios and per-share figures.

The yearly fee is $6,500. The product is updated 30 times a year. It can be accessed by dumb terminals and microcomputers.

Hardware used consists of modem 300/1200 Baud.

Micro-users can write their own programs to analyze data.

The product is available through CompuServe, Interactive Data, Data Resources, A.D.P. Network Services, General Electric Information Services, Shaw Data Service and SLIGOS.

The client contact is William S. Close.

Vestek On-line System
Vestek Systems Inc.
353 Sacramento St., Suite 2100, San Francisco, Calif. 94111; (415) 398-6340

The Vestek On-line System, introduced in July, contains an equity and fixed-income data bases.

The equity data bases contain more than 80 items for more than 11,000 stocks. The fixed-income data bases contain more than 25 items for more than 20,000 bonds. Prices, expected returns, yields, durations and similar variables are updated daily.

Users can download data and reports from both data bases to a microcomputer.

Data and column headers from reports from the On-line System programs such as portfolio profiles and sorting and screening routines can also be downloaded.

The data is downloaded in PRN (comma delimited list) format, and can be used by programs such as Lotus 1-2-3 and dBase II. Also, the I/B/E/S earnings forecasts data base is available to I/B/E/S subscribers.

Data can be accessed by dumb terminals and with the IBM PC and XT. Users can write their own programs. The list price for full quarterly usage for the on-line system is $2,500. The client contact is Ralph Goldsticker.

y

Yardsticks
Hamilton, Johnston & Co. Inc.
52 Vanderbilt Ave., New York, N.Y. 10017; (800) 223-1766 or (212) 682-8680

The Yardsticks data base, introduced in 1971, contains approximately $70 billion in assets, representing the performance of more than 140 banks, insurance companies and investment companies and investment managers, which manage more than $500 billion.

Data are available three weeks after month-end. With the firm's Micro Trustee software, micro-users can retrieve the indexes for permanent storage. Data can be accessed by dumb terminals and microcomputers. The client contact is Richard C. Egbert.

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Analysis 1 (ANA 1)
Galaxy
P.O. Box 22072, San Diego, Calif. 92122; (619) 452-1072

Analysis 1, which has sold more than 1,700 copies since its release in 1980, is a set of programs that enables users to perform analyses on the Dow Jones industrial weekly average data. Data can be plotted on the entire screen in one of five colors.

The list price for the program, which will run on the Apple II, is $69.95.

Anareal
The Anareal Corp.
3310 West End Ave., Nashville, Tenn. 37203; (615) 383-8325

Anareal, introduced in 1981, is a computer-based time-share service providing financial analysis for real estate developments and acquisitions. For development projects, a complete source and application of funds is produced covering construction, rent-up, and 10 years of stabilized operation.

For acquisitions, up to 1,000 leases may be supported including participating mortgages, joint ventures, convertible debt and split-rate loans. These fundings may involve cash flow splits, preferred returns and participation in income increases and sales proceeds.

Key results include a complete picture — pretax or after tax, from the owner's, lender's, or investor's viewpoint — of project costs, sources of funding, cash flows, sales prices and proceeds, cash-on-cash and internal rates of return and net present values.

The product also includes a goal-seeking capability that solves for rental rates or building costs to produce a given return on investment or internal rate of return.

The service is available on a dial-up basis via dumb terminals or through Apple, Televideo and IBM PC and IBM-compatibles.

There is a per-analysis charge of $57. There are 50 clients; Don Walker is the client contact.

Asset Allocation
Vestek Systems Inc.
353 Sacramento St., Suite 2100, San Francisco, Calif. 94111; (415) 398-6340

The Vestek Asset Allocation Program, introduced this year, assists in allocating a portfolio optimally among a set of asset classes. The program can be used for international diversification, developing strategies within an asset class or allocating a portfolio among multiple managers.

The program produces the optimal portfolio and the efficient frontier. It incorporates user-supplied capital market assumptions, risk profile, actuarial assumptions, transaction costs and investment constraints. The package is menu-driven and includes full-screen editing, graphics and several reports.

A license of the system includes a subscription to Vestek's monthly Asset Allocation Newsletter, which contains forecasts of expected returns, risks, and correlations for various asset classes.

The program can run on the IBM PC, XT and the Compaq. The annual license fee is $5,000. There have been 21 copies sold. The client contact is Ralph Goldsticker.

Asset Two
Compass Software Inc.
335 Norwood Road, Downingtown, Pa. 19335; (215) 269-6412

The newly released Asset Two is a comprehensive bond and stock portfolio management program for institutional investors. It handles multiple accounts (more than 3,500) and can produce more than 50 reports.

The list price of the program, which has sold 50 copies, is $950. It runs on the IBM PC and XT, and can plug into the Dow Jones data base. Phil Carta is the client contact.

b

Backtest
Zacks Investment Research
2 N. Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

Backtest, just released, is a menu-driven system for backtesting the performance of investment strategies. It calculates holding period returns and information coefficients for indicators and investment strategies, as well as the actual performance resulting from simulating a realistic trading strategy.

The system, which runs on the IBM XT and has a list price of $3,000, is designed for to be used with the Zacks historical data base and supplemented by historical data downloaded from Compustat, Value Line or Media General. It also has the capacity to plug into data bases offered by Data Resources, Telestat and Icarus. The client contact is Leonard Zacks.

Baseline
Baseline Financial Services Inc.
90 Broad St., New York, N.Y. 10004; (212) 246-4323

Baseline, just introduced, is based on Graham & Dodd analysis. The program, which comes with its own data base of price and fundamental information for more than 1,000 stocks for the past 15 years, provides users with the capability to determine their own central values for stocks.

The product is all graphic and runs on the IBM PC and XT. Christopher B. Cowie is the client contact.

Bondport
Interactive Data Corp.
2 N. LaSalle St., Chicago, Ill. 60602-3702; (312) 641-1528

Bondport is intended for use by fixed-income portfolio managers in setting investment strategy. From automatically downloaded current bond prices, it calculates the current government yield curve, and the spreads in those prices due to the effects of coupon, sector, extendibility and retractability. The user may then construct up to five forecasts for the yield curve and spread relationships.

A simulation is performed on all bonds in all scenarios in order to determine the effects of the forecasts on the risk and return of each bond, as well as of specified portfolios. It calculates forecasted prices, yields, holding period returns, durations, average term, and realized compound yield, and these results are presented in flexible, high-quality graphical and tabular form.

Independent of the simulation routines it has a fixed-income mathematics section. Portfolio swap analysis may be performed either through the simulation routines or else with price, yield and re-investment rate information specified for each bond.

It runs on the IBM, COMPAQ and WANG PCs. The list price varies depending on the components purchased.

In Chicago, the client contact is Rob Guarnieri. In Canada, contact Gordon Garmaise of Garmaise & Associates, Toronto, at (416) 364-0351.

BondPro
Outwater & Wells Inc.
15 Exchange Place, Jersey, N.J. 07302; (800) 922-0803

BondPro, introduced in October 1982, calculates yields, prices, ac-

crued interest and extensions for tax-free bonds, notes, commercial paper and corporates to maturity or call. Also, it has been designed to facilitate bond swaps and new issue production.

While an infinite number of bonds can be maintained on disks, the bonds in computer memory can be grouped into as many as 20 different packages. These bonds and packages are easily updated and revised to permit substitution or regrouping. The program can compare and analyze any two packages selected and print out the results in a format suitable for delivery to clients.

The program runs on the IBM and Apple II+, and is priced at $1,099 with a 14-day money-back guarantee. The client contact is Marvin E. Goldin.

BondScholar

Investek Inc.
P.O. Box 1006, Jackson, Miss. 39205; (601) 355-1335

BondScholar, which has sold 50 systems since coming to market in 1982, computes prices, cashflow yields, yields to average life, after-tax yields and more on bullet bonds, pro rata sinking funds and sinking fund preferreds. It provides true comparisons of all fixed-income investment alternatives after taxes and reinvestment of cash flows under any tax/reinvestment scenerio chosen. It provides instant access to future values, compound rates of return, par bond equivalents and durations, using an analytical method.

Optional modules are swap analysis, reinvestment scan/plot, mortgage module, and portfolio evaluator, which provides a summary of statistical information including average coupon, market value, average yield, average maturity, average principal weighted life and average duration.

The base system lists for $1,995. Optional modules each run an additional $500. It runs on the IBM PC and XT and compatibles. Carolyn Rains is the client contact.

Bondsens

Gifford Fong Associates
3730 Mount Diablo Blvd., Suite 350, Lafayette, Calif. 94549; (415) 283-8363

Bondsens, which has sold 100 copies since its introduction in 1974, is a fixed-income simulation system geared to managers relying on interest rate anticipation. It identifies the return and portfolio characteristics of a specified bond portfolio given multiple interest rate scenarios. The expected change in rates and spread relationships is translated into expected returns for both individual securities and the portfolio. Analysis graphs are provided.

It runs on IBM PC and XT. Ivan P. Gruhl is the client contact.

The Bond Swap Analyzer

Technical Data Corp.
45 Milk St., 4th Floor, Boston, Mass. 02109; (617) 482-3341

The Bond Swap Analyzer, introduced in 1981, is used to determine the cash flow impact of proposed bond swaps. It analyzes the profitability and tax consequences of bond swaps — up to 10 on the buy side and 40 on the sell side — under a variety of market conditions and using various assumptions.

The program computes the yield or price, duration and accrued interest on each bond. The user can designate the income reinvestment rate and the horizon date yields. Net cash flows, profitability and realized rates of returns are displayed for each set of assumptions. The program calculates break-even reinvestment rates, horizon yields, and spreads on each swap to determine the market conditions to make a swap profitable.

The list price is $1,700. The program runs on both the IBM PC, XT and compatibles and the Apple II and III. The IBM version has a 10% yearly maintenance fee. Katharine C. Hirsch is the client contact.

Bondterm

Gifford Fong Associates
3730 Mount Diablo Blvd., Suite 350, Lafayette, Calif. 94549; (415) 283-8363

Bondterm, introduced in 1979, analyzes the current structure of interest rates, yields and rate changes to determine prices of default-free securities. Discount rates for the calculation of present values of cash flows are included. The program allows a systematic analysis of the current and historical structure of interest rates. Future expectations also can be analyzed by virtue of the derived market implicit forecast of interest rate structure. The model identifies bonds mispriced relative to other bonds in the universe analyzed.

Approximately 100 have been sold. It runs on the IBM PC and XT. Ivan P. Gruhl is the client contact.

Bond Yielder

Hinson Products
5817 Waterbury Circle, Suite 2-A, Des Moines, Iowa 50312; (515) 288-8511

Bond Yielder, which has sold 100 copies since coming to market in 1982, calculates yield to maturity, basis price, current yield, bond equivalent, after tax, accrued interest and total due. It handles zero-base bonds, municipals, corporate, U.S. government agency securities, Treasuries, certificates of deposit and discount securities. It can handle irregular issue/coupon dates, calls and many other specialized features. It uses direct-day pricing.

The program runs on the Apple II and III, Osborne and IBM PC and PC Jr. A standard compiled version of the program goes for $79. For the basic user-modifiable version, list price is $275. Dick Hinson is the client contact.

Bond Yielder II

Hinson Products
5817 Waterbury Circle, Suite 2-A, Des Moines, Iowa 50312; (515) 288-8511

Bond Yielder II, like the original program, calculates yield to maturity, basis price, current yield, bond equivalent, after tax, accrued interest and total due. In addition, it can print accretion-amortization schedules for the bond calculated.

The program, which was just released, runs on the Apple II and III, Osborne, IBM PC and PC Jr.

A standard compiled version of the program goes for $99.50. Dick Hinson is the client contact.

Broker's Operational Support System (BOSS)

Independent Software
5260 Crossbow Circle, Suite 3B, Roanoke, Va. 24014; (703) 989-5687

BOSS, which will list for $1,500 when it is released in November, provides an automated method for investment brokers and portfolio managers to handle the daily activity associated with client relations. It maintains files for portfolios, securities, transactions, as well as a comment or "tickler" file, which is used to store information for a specific date and allows the user to list upcoming product maturities as well as general "calendar comments."

BOSS offers dial-up access to a remote data base, allowing for automatic price updating for security file items.

Among its features are generating reports for portfolio appraisal, portfolio trades, product cross-reference and selective listing of products and clients according to specified profile criteria. It also generates mailing labels.

BOSS, which provides a hot line for technical support to all registered customers, runs on the IBM PC and XT.

The client contact is William Corrington.

C

Cadence MicroPerformance

CDA Investment Technologies
11501 Georgia Ave., Silver Spring, Md. 20902; (301) 942-1700

Cadence MicroPerformance, to be released later this year, provides the essential information needed to analyze performance. The report shows users' fund returns for fiscal periods and market cycles. It provides comparison with the cost of living, sources of asset growth, unit values, risk posture and rankings with the Cadence Universe. Graphics are included.

The system will run on the IBM PC and all compatibles. Price ranges from $5,000 to $7,500 a year, depending on frequency of data. David G. Cook is the client contact.

Calsoft SP100 & Optionsware/OEX

J.C. Productions
8363 La Mesa Blvd., Suite A, La Mesa, Calif. 92041; (619) 466-5703

The program, which has moved 200 copies since its April release, generates simple "buy/don't buy" signals. It also provides explicit recommendations for strike prices, in or out of the money, expiration dates and maximum prices to pay for S&P 100 puts and calls. The program also establishes stop loss and trailing stop bands.

The single-disk program requires approximately two to three minutes of daily input for updating from the Wall Street Journal or any other newspaper with a comprehensive financial section.

All programs in the package are menu-driven with use of screens, prompts, error clarifications investment recommendations and a complete corrections program to replace extrapolated data entered prior to the close of the market.

The program, which has a list price of $250, runs on the IBM PC, XT and AT, and the Apple II, II+, IIc, IIe and Apple compatibles.

Cashman

Gifford Fong Associates
3730 Mount Diablo Blvd., Suite 350, Lafayette, Calif. 94549; (415) 283-8363

Cashman, which has sold 20 copies since being released in 1983, provides support for the decision-making requirements of the cash portfolio manager. It comes with three modules. Cashrate provides an overview of the short-term market in terms of quoted rates, equivalent yields, spread relationships, and forward break-even rates of other securities. Cashcalc provides an analytical environment for evaluating individual

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trades. Cashport consists of a comprehensive portfolio accounting and reporting system for a continual monitoring of the money market portfolio.

It runs on the IBM PC and XT. Ivan P. Gruhl is the client contact.

Chart-Master

Decision Resources Inc.
25 Sylvan Road S., Westport, Conn. 06880; (203) 222-1974

Chart-Master, which has sold approximately 20,000 copies since being released in 1981, is a graphics program designed for business managers. Data may be entered manually or taken from Visicalc or Lotus 1-2-3 files. Charts can be displayed on the screen or obtained with printers, plotters and slides. In addition, the program has the capability to customize charts, offering more than 40 options that include hatch and line patterns, exploding pies, text fonts, and axis control floating legends.

The program, which lists for $375, runs on the IBM PC and XT. John Phillips is the client contact.

ChemLink II — Portfolio and Debt Management System

Chemical Bank
380 Madison Ave., New York, N.Y. 10017; (212) 309-5639

Chem-Link II, to be introduced later this year, allows users to integrate portfolios for monitoring, reporting and managing information. It automates financial calculations and record keeping.

The system provides customized input screens and allows adding or changing elements in the data base. Reports can be sorted by all elements in the data base for flexible report formats. Also, the system is integrated with the cash flow worksheet.

It runs on the IBM PC and XT and has the capacity to plug into the Lotus 1-2-3, VisiCalc and any data base that accepts an ASCII formatted file. Price is $20,000. Kay Shackleton is the client contact.

Citibase Connection

Citibank
399 Park Ave. — CIS, New York, N.Y. 10043; (212) 559-7009

Citibase Connection, introduced in July, enables a user to connect an IBM PC to a daily updated version of Citibase, Citicorp's U.S. economic data base. The data can be stored on the PC's disk and used with a variety of software packages for graphics, spreadsheets and economic analysis.

The program also has the capacity to plug into the Citibase Weekly, Flow of Funds, International Economic Indicators and other Citicorp economic data bases.

Five copies have been sold. The list price is $295 plus subscription to the data base. Charlotte Boschan, at (212) 559-6755 is the client contact.

Citiquote Investor

Citicorp Information Services
850 Third Ave., New York, N.Y. 10043; (800) 241-2476

Citiquote Investor, introduced in August, allows the downloading of data from the firm's Citiquote, a securities data base of more than 60,000 securities that provides pricing history, dividend history and other analytical information. The program allows the user to screen for securities meeting certain criteria and to manipulate data through popular spread sheet packages.

It will run on the IBM PC and XT. List price is $350. The client contact is Fred Schulman.

Client Tell Systems

William C. Pavlick Inc.
310 Belmont Ave., West Hempstead, N.Y. 11552; (516) 485-2865

Client Tell Systems, through a series of interrelating programs, offers account executives the following screens: client information; security listing of all client investments; a detailed portfolio report; a security cross-reference; a transaction file; and a tax report. It also offers: a balance sheet report; maturity report; a product compatibility report; and a master list of clients, leads and securities; full prospecting packages and mailing labels.

It also interfaces with Lotus 1-2-3 to produce bar and picture graphs of portfolio statistics.

The program, which was released in 1982, will run on the IBM PC and XT, Columbia, COMPAQ, Smith Corona and Northstar, and has the capacity to plug into CompuServe's data base. It comes in two formats: Package 1 costs $500 and Package 2 costs $1,000. The client contact is Ro Pavlick.

C-Load

Zacks Investment Research
2 N. Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

C-Load, which was just introduced, is an add to the firm's Microanalyst data base that enables data from Compustat diskettes and cartridges to be read into the Microanalyst management system.

Once the Compustat data is entered, the user — using the IAL language — can structure a wide range of fundamental analyses.

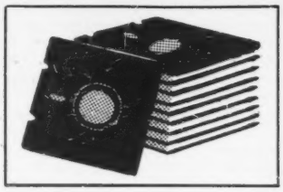
The program runs on the IBM XT; list price is $500. The client contact is Leonard Zacks.

Commercial Industrial Development for SuperCalc, Multiplan and 1-2-3

RealData Inc.
P.O. Box 691, Southport, Conn. 06490; (203) 255-2732

The program, which has moved 500 copies since its 1983 release, creates a complete project cost analysis: It evaluates land, architectural, financing, construction, development and lease-up costs for a commercial industrial project. The user can work in reverse and determine the gross rent needed to make the project yield a given rate of return.

The program , which lists for $100, will run on all microcomputers that can handle SuperCalc, Multiplan or Lotus 1-2-3. The client contact is Frank Gallinelli.



Compass Portfolio Planning System

Morley & Associates Inc.
9735 S.W. Shady Lane, Suite 100, Portland, Ore. 97223; (800) 548-4806 or (503) 684-3080

Compass Portfolio Planning System, introduced in 1983, is designed to help in making investment decisions regarding asset allocation/optimization, investment policy, risk/return tradeoffs and portfolio performance projections.

The system, which has sold 30 units since its release, also can be used as a marketing tool in selling potential clients on the investment merits of a proprietary pooled fund or a specific management style; determining a client's risk/return posture; reviewing and documenting proposed investment strategies; and comparing actual portfolio performance with forecasts.

The system, which can concurrently analyze portfolios with up to seven asset classes, employs the Markowitz Portfolio Selection Technique for computing expected rates of return, expected values and risk for different portfolio compositions. Historical data is provided on a 40-asset class data disk that contains most of the popular equity, bond, real estate, GIC and money market indexes.

All data can be edited to explore a variety of "what if" scenarios.

The system, which lists for $5,995 runs on the IBM PC and XT, the COMPAQ, Corona, Columbia, Hyperion, Apple II and III and Wang. A modified version plugs into Interactive Data's data base. The client contact at Morley & Associates is Thomas J. Morrow. The program also is available through Garmaise & Associates in Toronto, Interactive Data's Securities Products Division, Waltham, Mass., and Wang Laboratories, Lowell, Mass.

Compuport

The Monchik-Weber Corp.
11 Broadway, New York, N.Y. 10004; (212) 269-5460

Compuport, which was released in 1983, is a portfolio management, accounting and reporting system designed to support the operational, decision-making and client reporting needs of investment advisers.

It features a comprehensive report writer, cross-index reports, portfolio valuation reports and two versions of performance measurement. It can be used with the Lotus 1-2-3 and can be customized to meet specific user needs.

It runs on the IBM PC and XT and can plug into data bases offered by Telstat and DTC. The client contact is Michael Donnelly.

Compu Trac

Compu Trac Inc.
P.O. Box 15951, New Orleans, La. 70175-9989; (800) 535-7990

Compu Trac, which has sold 2,500 copies since its release in 1979, provides more than 40 technical analysis studies as well as a profit matrix and optimization feature that allows traders to test their trading systems.

Compu Trac produces precise graphs on the monitor and printer from a simple bar chart or moving average to more sophisticated studies such as stochastic and relative strength index.

List price is $1,900. It runs on the Apple II+ and IIe, Franklin 1000 and 1200, and IBM PC and XT. Also, it can plug into data bases offered by Commodity Systems Inc., Remote Computing, IDC/Price and Quantitative Financial Services — CompuQuote.

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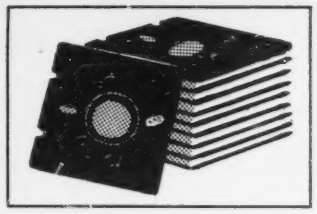


Cots/FairValue

Software Options Inc.
19 Rector St., New York, N.Y. 10006; (212) 785-8285

Cots/FairValue, introduced in 1982, is an integrated option trading system, comprising programs for valuation, strategy analysis, hedging and portfolio management in versions for futures, physical commodities, indexes, currencies, stocks and bonds.

Approximately 150 copies have been installed. The system is sold in modules ranging from $2,950 for pricing of stock or futures options to $14,000 for comprehensive pricing, hedging and accounting for currency and physical commodity options.

The program will run on the IBM PC and XT and has the capacity to plug into data bases offered by Remote Computing, Market Data System, Market Information and Radio Data System. The client contact is John Kaehler.

d

Datapath

ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

Datapath, introduced in 1983, is a data-downloading system for use with IBM PC, XT and compatibles, and Lotus 1-2-3. It allows the user to screen more than 35 ADP financial, investment and economic data bases, select the information needed and download it to the PC. The user can then view the data on a 1-2-3 spreadsheet. There is unlimited data access, including Compustat and Disclosure II.

The firm's applications library offers preformatted worksheets and predefined data needs for more than 30 common business applications.

There are approximately 200 clients. The list price is $300 per copy plus data-access charges. Price includes training and documentations.

The client contact is Thomas Belding.

Datasheet

Interactive Data Corp.
486 Totten Pond Road, Waltham, Mass. 02154; (203) 890-1234

Datasheet, introduced in June, accesses information on publicly traded securities from data bases offered by the firm and Compustat. By entering the name of a security, the item of interest and a date, the data is displayed. The data can be filed and used with Lotus 1-2-3 or Symphony.

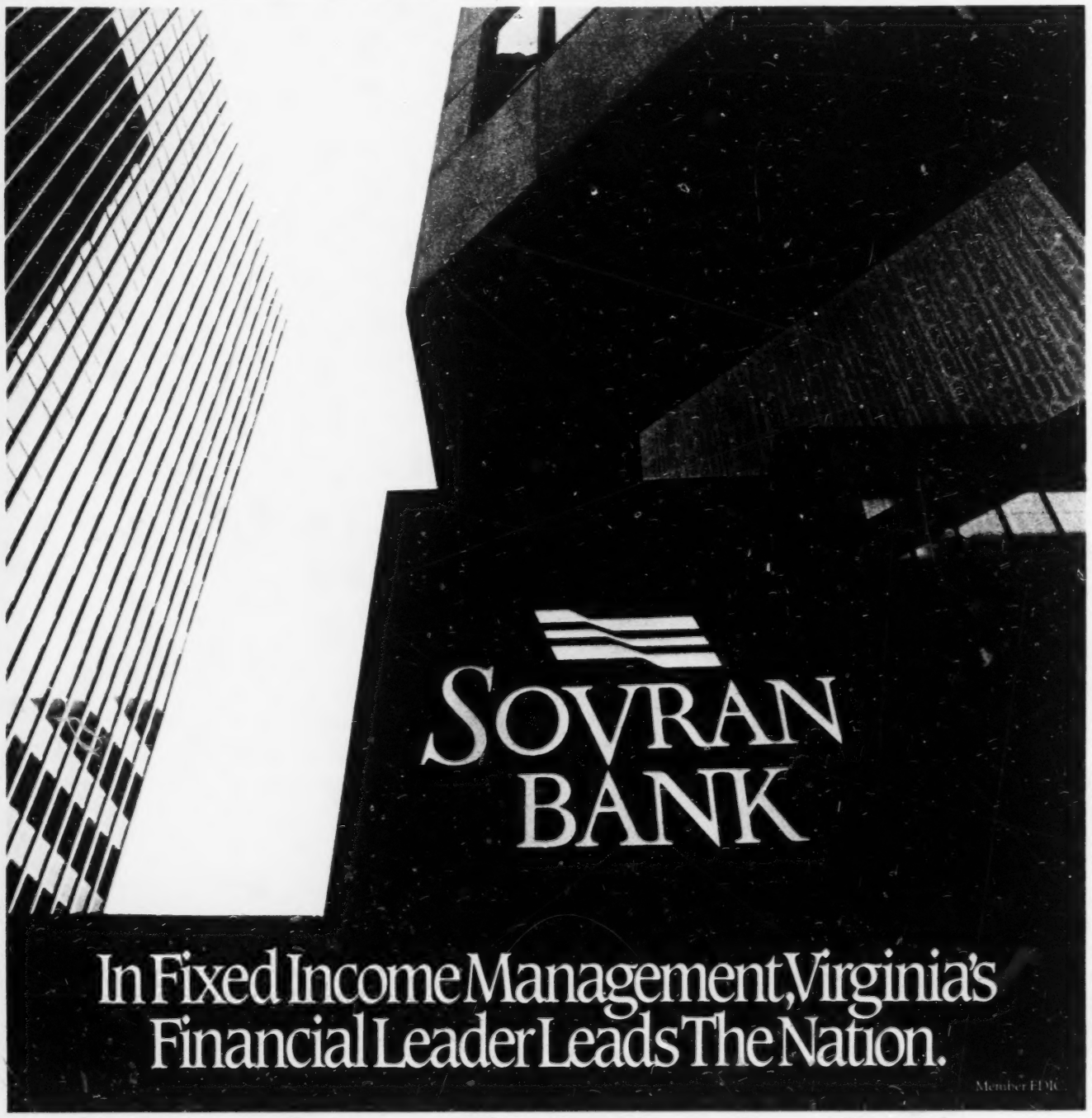
The program, which has a monthly charge of $500, runs on the IBM PC and XT. Approximately 17 models have been sold. The client contact is John Boehmke.

DD-3

Zacks Investment Research
2 N. Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

DD-3, released in September, is a three-stage dividend discount model. The data required to use the model can be entered by the user or read from Zdata diskettes available from the firm. Clients enter their own assumptions about growth rate and terminal conditions. A user familiar with PASCAL can modify the DD-3 to a four- or five-stage model incorporating unique complex transition rules.

It runs on the IBM PC, XT and AT. The list price is $1,500. The client contact is Leonard Zacks.



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e

The Environment

Future Technologies International Inc.
6 Century Drive, 2nd Floor, Parsippany, N.J. 07054; (201) 285-1666

The Environment software package, introduced in 1981, is an application generator, data collector, manager and reporter. It creates applications software through the use of preformatted screens that prompt for all required information.

Data stored within the package is accessed through three report writers. Through the ADHOC reporting facility, the user may produce test report formats, test reports and actual reports. Once the format has been approved, the report may be catalogued.

Application packages may be developed to operate independently or may be configured to provide a fully integrated information management system. It also provides for the integration of external microcomputer software to perform specialized functions.

The program can run on the IBM XT, Vector Graphics, IBM 3270 XT, Decison Mate 5, COMPAQ, Zenith Data Systems, Hewlett Packard 150 and Decison Mate IV. It can access any data base that can provide information electronically via a telephone line.

There have been 65 copies sold. The client contact is Irene Turner.

Ex Dividend Stock Monitor System

Computer Aided Decisions
31 Milk St., Boston, Mass. 02109; (617) 541-6181

The system, introduced in June 1982, and used by high-yield stock fund managers, is designed to maximize total income and total return by monitoring annualized yields, forecasted dividend hikes, relative stock price action and ex-dividend dates on up to 300 common and preferred stocks.

It segregates reports of securities by ex-dividend date, and then monitors the select group of securities, forecasting dividend rate, yield, and current price vs. high for the year and other key variables. Stock price action is measured absolutely and relative to the group of stocks going ex-dividend within the same time period. The system considers the timing and amount of forecasted dividend increases on the forecasted yield of the stock.

It lists for $2,000 and runs on the IBM PC and XT, and the Apple IIe and IIe+. It can plug into data bases offered by Control Data. Brehon Griswold and Bud Weiler are the client contacts.

f

FERM — Foreign Exchange Risk Management

Corporate Data Systems
3700 Science Center, Philadelphia, Pa. 19104; (215) 243-1906

FERM, just released, is a decision support system that uses financial economics knowledge to aid the investor to speculate or hedge in foreign exchange markets.

Using completely automated modular programs, the user can forecast exchange rates, synthesize multiple forecasts, formulate and revise — using Markowitz portfolio optimization — optimal currency portfolios with risk return characteristics and take option positions on those portfolios to further tailor them to the user's needs.

The system runs on the IBM PC and XT and costs about $5,000, depending on its configurations and implementation. The client contact is Alo Ghosh.

Finance Pac

Milton Co.
395 Southend Ave., New York, N.Y. 10280; (212) 912-1466

The newly released Finance Pac, is a multiple software package that helps the user in making and analyzing lease or buy decisions and loan payment schedules. It also determines NPV and IRR for custom schedule analysis.

The system can run on the IBM PC, XT and Jr., and the Apple II, IIe and IIc. The list price is $35.

Financial Overlays for SuperCalc, Multiplan and 1-2-3

RealData Inc.
P.O. Box 691, Southport, Conn. 06490; (203) 255-2732

Financial Overlays for SuperCalc, Multiplan and 1-2-3, which has sold 300 copies since its 1983 release, is a package of programs that perform critical ratio analysis of business financial statements and calculate lease vs. buy comparisons. Models are also provided that compute modified internal rate of return, modified financial management rate of return and yield on wraparound mortgages.

The system can run on all microcomputers that can handle SuperCalc, Multiplan or Lotus 1-2-3 programs. The list price is $100. The client contact is Frank Gallinelli.

Fin/Sim II

Grant System Inc.
1608 West Belt North, Houston, Texas 77043; (800) 231-7133

Fin/Sim II, which has moved 500 copies since its 1982 release, is designed to facilitate the economic "what if" analysis encountered when analyzing complicated revenue sources and structuring complex transactions that involve multitenanted projects.

Detailed income and expense forecasts can be performed on a tenant-by-tenant basis.

The program will run on the IBM PC and compatibles. List price is $2,495. Chase Metz is the client contact.

The Fixed Income Portfolio Manager

Technical Data Corp.
45 Milk St., 4th Floor, Boston, Mass. 02109; (617) 482-3341

The Fixed Income Portfolio Manager, introduced in 1982, manages and analyzes up to 32 fixed-income portfolios, each containing up to 400 different issues. (Greater capacities are available with a hard disk.)

The program displays portfolio statistics, weighted averages and distributions. An option allows the user to obtain customized reports. Graphs of distributions are available. A matrix pricing option permits the rapid repricing of all portfolios. Dial-up facilities to major pricing data bases, such as Interactive Data Corp. Merrill Lynch and J.J. Kenny are available.

Up to 150 fields of information can be included in the customized report writer feature. When used with the rate of return analyzer, the impact of a particular yield curve scenario on a portfolio can be predicted.

The program will run on the IBM PC, XT and compatibles. The list price is $2,850 plus a 10% yearly maintenance fee. The client contact is Katharine C. Hirsch.

Fundamental Investor

Savant Corp.
P.O. Box 440278, Houston, Texas 77244; (713) 556-8363 or (800) 231-9900

Fundamental Investor, introduced in 1983, contains fundamental analysis, communications and fundamental data base programs. The data base allows the user to store 30 parameters on 2,000 securities, or more information on fewer securities. Data can be entered and edited manually, or it can be entered automatically by modem.

The analysis program allows screening of all securities in the data base greater than, less than or equal to each parameter; sorting of stocks on a single parameter (before or after screening); calculation of financial ratios from basic financial information; and sorting of stocks on the weighted average of a group of parameters.

The list price is $495. The program will run on the IBM PC and COMPAQ. It has the capacity to plug into the Disclosure data base offered by Warner Computer Systems Inc. Also, users can access almost any commercial data base manually using the terminal program included with the package.

The client contact for the program is Paul Langston.

Fundpak

Zacks Investment Research
2 N. Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

Fundpak, which will be introduced in December, is a fundamental analysis software system integrated with Compustat, Valueline & Media General's fundamental data and Data Resources' economic data. It is designed to assist analysts in company and industry fundamental analysis.

The user receives a box of diskettes each month containing 20 years of selected historical income statement and balance sheet data for the full universe of companies included in the data service.

The menu-driven program enables analysts to carry out extensive fundamental analysis of single companies or sets of companies using Lotus for spreadsheets, the Zacks IAL language for comparative fundamental analysis, and Zacks Statpak system for econometric analysis. It also enables users to download Compustat & Valueline data not included on the diskettes from Compuserve and to use the data in the Fundpak software.

It runs on the IBM PC. Leonard Zacks is the client contact.

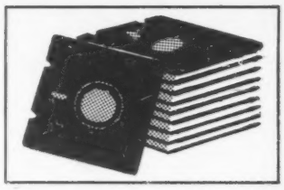
Futrak

Investment Support Systems Inc.
1455 Broad St., Bloomfield, N.J. 07003; (201) 338-0321

Futrak/Portfolio software automates record keeping and back-office functions for institutional and professional hedgers and traders using futures. The system generates up-to-the-minute reports on positions outstanding, mark-to-market margin requirements, P&Ls, cash-futures hedges and complete audit trails.

Futrak/LME is tailored specifically for international metals market participants, with back-office support capabilities for futures and London Metals Exchange forward contracts.

Futrak/Broker software provides



complete back-office client position, accounting functions and reporting functions for FCMs and brokerages.

The Futrak/Graphics package can be fully integrated or act as a standalone package to generate a diversity of user-tailored charts for technical analysis, including tick charts, bar charts, continuous bar charts, volume, open interest, relative strength indexes, moving averages and multiple moving averages, and scatter and oscillator charts.

The package runs on the IBM PC and XT. There are 26 units of the system installed. List price is $19,500. Packages are also sold separately.

When there already seem to be enough investment management firms, why start a new one?

AN INTERVIEW WITH SAMSON WANG, PRESIDENT, BEACON CAPITAL MANAGEMENT.

What can you offer that hasn't already been offered? Well, we think that Beacon's particular mix of thorough research, distinctive qualitative and quantitative analysis and, perhaps most of all, excellent personnel can provide clients with superior service. And, of course, results. We think there's always a place for that.

Do you manage any money now? Yes. We manage some $900 million for just under twenty clients.

Do you specialize in any particular kind of client? Yes. Tax exempt funds. However, a critical part of our philosophy is to keep the number of clients limited. We'll never sacrifice quality just to add a few zeros to the bottom line.

What can you offer clients that much larger firms can't? Flexibility. Personal attention. A lack of bureaucracy. In short, a streamlined approach that is crucial to reacting quickly to the market and a client's needs.

What about a key ingredient–experience? I'm glad you asked. Beacon's investment team has a broad experience in research and portfolio management. In fact, on average each person on our staff has *17 years* of experience.

Do you have a "black box"? A special secret for unfolding the mysteries of the market? Well, if you mean something like a magic wand that illuminates every problem, no. If you mean a disciplined approach that includes research, analysis, experience and a sense of acuity–yes.

Most firms rely heavily, if not totally, on the insights of a few "stars." In this case, it would be you. Is that true of Beacon? No. I'm the President, true. But Beacon's talents and capabilities are very broadly based.

You're associated with a major bank. In the past such a link has slowed down some investment decisions. What about Beacon? We don't foresee that. We're quite independent.

In everything? That's right.

Can you work miracles? Once in a while, yes. The rest of the time we'll settle for a reasonable triumph.

Any specific recommendations for 1984? Sure. Just call us for an appointment: (212) 530-3758.

Beacon Capital Management

Futures Margin System

Software Options Inc.
19 Rector St., New York, N.Y. 10006; (212) 785-8275

Futures Margin System, introduced in 1983, supports futures position-keeping and daily mark-to-market profit and loss, calculates client margin requirements and equity, and provides daily trade confirmations, open position statements and monthly statement to clients and clearing brokers. It is available in versions for 20, 200 and 500 accounts. The program will run on the IBM PC and XT. The client contact is John Kaehler.

I/B/E/S-Microscan

Lynch, Jones & Ryan
325 Hudson St., New York, N.Y. 10013; (212) 243-3137

The I/B/E/S-Microscan is a turnkey system that enables the user to screen the I/B/E/S data base on any of more than 50 variables. The software can be used to generate reports and create files that can be used by packages such as VisiCalc, Lotus 1-2-3 and Multiplan.

The program will run on the IBM-PC and Apple II, IIe and III. It can plug into data bases offered by I/B/E/S, Ford, Disclosure, Drexel Burnham and Financial Post.

The client contact is Jo-Ann Larsen.

IDC Data Link

Technical Data Corp.
45 Milk St., 4th Floor, Boston, Mass. 02109; (617) 482-3341

IDC Data Link offers automatic dial-up pricing of portfolio securities. Used in conjuction with Interactive Data Corp.'s data base, it provides prices for municipal, government and corporate bonds, plus rates for various money market instruments. The program is used primarily with the firm's Fixed Income Portfolio Manager, allowing quick, accurate repricing of securities maintained in various portfolios.

It can be run on the IBM PC, XT and compatibles. The list price is $250, with a $50 yearly maintenance fee. Katharine C. Hirsch is the client contact.

Impact

Advanced Business Systems Inc.
S-10 Routes 17 and 4, Paramus, N.J. 07652; (201) 845-5666

Impact, introduced in 1982, is an in-house, turnkey investment management, portfolio accounting and performance analysis system. The program offers client reports that may be selected and tailored to meet individual needs. The program allows managers to access all their portfolio data via screens and on-demand reports, while companywide and "composite account" analysis also are available. The "back office" has a high level of operational and administrative support from the program, including "as of" statements, full clients invoicing, account receivable and open order system. Its fully integrated performance analysis system provides sector performance for any time period on-demand including income and capital gains returns.

The system, six units of which have been sold, runs on the Alpha Micro, IBM PC and XT, and has the capacity to plug into data bases offered by Telstat, DTC, and any other securities/company data base. The list price starts at $18,000. The client contacts are Nigel Wilson and John McIlwain.

Integrated Resources for Investment Solutions (IRiS)

Frank Russell Co.
1100 First Interstate Plaza, Tacoma, Wash. 98402; (206) 572-9500

The Integrated Resources for Investment Solutions software package, introduced this year, is a comprehensive menu-driven system to develop and analyze investment strategies, monitor portfolios, measure performance and optimally allocate assets. It automatically interfaces with accounting systems to update portfolios and prices, and retrieves current prices from outside services. The system includes 2,000 equities in data base with more than 45 attributes, including performance and equity profile universes from the Frank Russell Co., and performance and profiles of major market indexes.

The system features extensive graphics, spreadsheet, terminal communications, reporting and desk organizer functions that are fully integrated. The system supports user programs from vendors such as Lotus and Aston Tate and an external data base such as I/B/E/S.

It can be run on the IBM PC, XT and AT, and the Compaq and Compaq Plus. It has the capacity to plug into any file in DIF, SLK, PRN, or ASCII format.

There have been 10 units sold. Price ranges from $20,000 to $30,000 commissions for data base/system. The client contact is Bill Koenig.

The Intelligent Investor Series

Livingston Gentry Inc.
5958 Hopi Station, Scottsdale, Ariz. 85261; (602) 998-8046

Intelligent Investor Series comprises programs for financial managers.

Series II, Investment Performance Measurement, calculates time-weighted rates of return used for performance measurement and evaluation purposes. It maintains records of portfolio/fund valuations, cash flow, income, profit/loss and brokerage commissions. It also provides tables of annualized and cumulative rates of return as well as unit value calculations and comparisons between funds and indexes. Graphics are included. List price is $325.

Series III, Portfolio Strategist, uses MPT and other techniques to analyze past performance and strategy in terms of allowable risk, actual risk and added value. It provides techniques, strategies and computerized worksheets to construct a "portfolio" of investment managers in a multi-manager environment, asset classes or individual securities that provide maximum opportunity for performance within specified risk parameters. Graphics are included. List price is $850.

Series IV, Factor Anaylsis-Contributions to Performance, performs analysis of the three factors that contribute to or detract from investment performance.

It determines the minimum rate of return the pension board has a right to expect, the real rate of return of the fund, the amount of performance due to professional management, asset allocation and security selection. Graphics are included. List price is $500.

Series V, Recommendation Analyst, determines the effectiveness of buy, sell and switch transaction recommendations. List price is $450.

The software will run on the Apple II, IIe and III; IBM PC; and NEC APC. The program can plug into data bases offered by Dow Jones, The Source, CompuServe and Warner. The client contact is Rheanna French.

Interplex Financial Management Source — Investment Management System

Manufacturers Hanover Trust — MH Financial Management Systems Inc.
140 E. 45th St., New York, N.Y. 10017; (212) 808-0626

The system, released in June, tracks a wide variety of instruments, including CDs, Euros, treasury issues, GNMAs, ARPS, money market funds and equities. It tracks collateral positions on repos and reverses and has the ability to mark to markets. The system process coupons, maturities, pending settlements and updates accrued interest amortization — book value.

Reports include cash flow projections, historical and pending transactions, broker and issuer, earnings and performance. It also performs swap analysis and has a yield/accrual calculator.

It runs on the IBM XT. The firm has sold three units. Price ranges from $5,000 to $12,000. Janis Alber is the client contact.

Interplex Investment Management System

Manufacturers Hanover Trust — MH Financial Management Systems Inc.
140 E. 45th St., New York, N.Y. 10017; (212) 808-0626

The system, released in May, tracks a wide variety of instruments, including CD's, Euros, treasury issues, municipals, GNMAs, ARPS, and equities. Users can update prices individually or with a matrix.

It calculates and reports accounting information, including accrued interest, amortization, accretion and book value. Reports include basic inventory, historical and pending transactions, coupons receivable, maturities and safekeeping.

It also performs analysis reports that display pre- and post-tax yields, duration and sector contribution. It has the ability to screen the securities data base to select those items meeting desired criteria.

It runs on the Dec Pro 350 and the Micro T/11. The firm has sold three units. Price ranges from $7,000 to $12,000. Janis Alber is the client contact.

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We are pleased to announce that J. William Greve has been elected Senior Vice President · Investments ·

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919 Third Avenue
New York, New York 10022
(212) 752-5255

September, 1984

Intra-day Analyst

Intra-day Analyst
P.O. Box 15951, New Orleans, La. 70175; (800) 535-7990

The program, which has sold 600 copies since its 1981 release, provides on-line, real-time graphics and technical analysis of futures. Using a host quote machine, IDA instantly plots real-time bar charts/studies for up to 20 distinct contracts. The program is regularly updated and a support line is provided to answer technical questions. Also, 16 studies are available as well as a simulation mode for practice analysis.

The program, which lists for $1,600, runs on the IBM PC or XT, Apple and Franklin. It can plug into data bases offered by Reuters, Market Information Inc. and Commodities Communication Corp.

Investment Counsellor

American Financial Systems Inc.
17 Haverford Station Road, Haverford, Pa. 19041; (215) 896-8780

Using an in-house computer system, the Investment Counsellor, introduced in 1983, provides the following functions; full investment accounting, investment performance measurement and client billing. The performance module will measure on a unit basis or in comparison with multiple indexes on a time weighted basis. It can also accommodate a total return calculation.

Investment accounting details each account displaying information on security units held, unit and total cost, unit and total current market values, realized and unrealized gains and losses, whether the position is long or short, security category totals, portfolio totals, current cash position and other account information.

The system automatically updates all price and dividend information from either Interactive Data Corp., Dow Jones or Warner Computer Systems. The appropriate dividend and interest amount automatically added to each accounts cash postion on the payable dates.

Reports summary of holdings, combined client statement, security cross reference, transaction registers, schedule of capital gains and losses, assets under management, broker and client commission reports and client statements.

The program can be run on the IBM AT, XT, Wang Professional and on IBM compatibles. The list price is $6,250. The client contact is Stephen V. Buerkle.

Investment Manager

IMSI
633 Fifth Ave., San Rafael, Calif. 94901; (415) 454-7101

Investment Manager, which has sold approximately 1,500 copies since its release in January, reports and measures the investment performance of individual securities, security groups and the entire portfolio. Reports include: inventory, transaction, security performance, portfolio performance and tax. The program uses beta and beta adjustment, key concepts in MPT, for calculating a security's risk.

The program can be run on the IBM PC and most compatibles, DEC Rainbow, Wang PC, NEC APC, NCR Decisionmate V and most CP/M-80 computers.

It has the capacity to plug into the Warner Computer Systems and Dow Jones News/Retrieval and can interface with Lotus 1-2-3 and VisiCalc. List price is $275. Keven A. Seaver is the client contact.

Investment Matrix

Financiometrics Inc.
P.O. Box 1788 Lafayette, Calif. 94549; (415) 376-9455

Investment Matrix, introduced this year, is designed for investment professionals who invest across different types of investment vehicles. It is primarily a tool for planning and decision analysis and allows for building and analyzing portfolios. It displays results graphically. Also, the program includes an investment data base manager and a portfolio manager.

The program runs on the IBM PC and compatibles. List price is $399. The firm also offers a demo and manual for $29. Sandra Long is the client contact.

Investware

New England Management Services
345 Whitney Ave., New Haven, Conn. 06511; (203) 787-3452

Investware, of which 15 copies have been sold since its 1983 release, offers automatic pricing of securities via telecom; comprehensive reports for clients and managers; report generator; interface with Lotus 1-2-3; year-to-date record keeping; tax management; unconfirmed trade monitoring cross-reference reports; and an 800 hot line number.

The program, which lists for $795, can be run on the IBM PC, XT and compatibles, Wang PC or Hard Disk, DEC Rainbow and Altos Multi-User. The client contact is Chuck Arbo.

m

Market Analyst

Anidata Inc.
7200 Westfield Ave., Pennsauken, N.J. 08110; (609) 663-8123

Market Analyst, which has sold 1,500 copies since its introduction in 1982, contains three major sections.

Technical Analysis is for computerized charting — including high-low close bar charts, volume histograms — with a capability to calculate and chart on-balance volume, accumulation/distribution, volume indicators, moving averages, oscillators and user-specified customer formulas.

Portfolio Manager monitors holdings, including current gain/loss evaluation, yield calculations, short-term flags and market appraisals. The most recent trading data and up to seven years of historical data can be received over the phone.

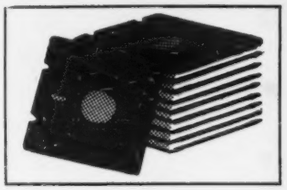
News, Views & Quotes is for on-line information access, including timely news, current quotes fundamental data and market commentary.

The program, which lists for $495, will run on the IBM PC and Apple II and can plug into data bases offered by CompuServe and Warner Communications.

Market Eas-Alyzer

Wall Street Graphics Inc.
P.O. Box 562, Wall Street Station, New York, N.Y. 10268; (212) 495-4488

The Market Eas-Alyzer features oscillators, moving averages, momentum, on-balance volume, positive volume indicator, negative volume indicator, intraday intensity, relative strength, comparison charts, relative



strength index, trendlines, trendline fans, parallel lines, speed resistance lines, envelopes, filtered waves, member trading, advance/declines, new highs/lows, upside/downside volume, advisory sentiment, put/call ratios, odd-lot, last hour indicator, powerful formula, auto-chart and automatic price retrieval.

The program runs on the IBM PC and XT and Apple IIe and II+. It has the capability to plug into the Remote Computing data base. The list price is $695. M. Blassberger is the client contact.

401(k) plans: Spotlighted Oct. 29

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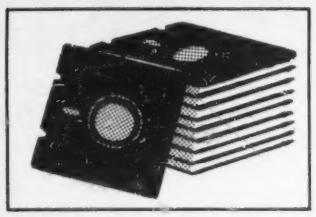


Market Mentor

Market Technologies
303 Cleveland Ave., Pittsburgh, Pa. 15202; (412) 734-3165

Market Mentor, introduced in 1982, is a technical analysis software tool designed to enable brokers, investors and financial analysts to graphically capture trends and relationships among market factors. It gives users tools for constructing, designing, and evaluating trading systems.

List price is $1,000. It runs on the IBM PC and XT and has the capacity to access the Merlin data base offered by Remote Computing.

Mark Abbott is the client contact.

Microanalyst - Investment DBMS

Zacks Investment Research
2 N. Riverside Plaza, Chicago, Ill. 60606; (312) 559-9405

Released a year ago, Microanalyst enables microcomputer users to download data from Compustat, Disclosure, Icarus, Valueline, Media General, DRI, Citibase and Telestat data bases on time-sharing vendors.

The system includes the IAL language, written by Zacks, which enables users to quickly carry out a wide range of investment applications, including: screen and rank up to 4,000 companies; develop valuation models; monitor the followed list using any items from Compustat, Valueline and Icarus; backtest indicators; create composite indicators; implement MPT applications; build company profit and loss models; develop and test technical trading systems; and design econometric models.

The list price is $5,000. The program will run on the IBM XT and compatibles. An enhanced version of Microanalyst is being implemented on VAX and IBM mainframes. The client contact is Leonard Zacks.

Micropost I, II, III

Financial Post Corp. Service
777 Bay St., 6th Floor, Toronto, Ontario M4W 1A7; (416) 596-5580

Micropost I, introduced in 1982, is a self-contained software and financial data base of 52 variables on more than 375 Canadian public companies.

Data is updated monthly by Financial Post and users can update it manually. The program allows rapid screening of data on user-selected criteria, reporting facilities and portfolio management.

The software can be run on the IBM PC and XT, Apple II, IIe and Apple III. It has the capacity to plug into the MicroScan data bases. There have been 30 copies sold at an annual cost of $4,400.

Micropost II, introduced in 1983, is a stock charting package that offers nine types of charts. It offers manual data entry or downloading of securities data from Canadian and U.S. exchanges.

There have been 185 copies sold at a list price of $199.

Micropost III, introduced this year, manages five portfolios of up to 50 securities on one diskette. The program also keeps track of costs, capital gains, current values and produces a variety of reports. It has manual data entry or downloading of prices. The list price is $169.

The Micropost II and III can be run on the IBM PC or XT and have the capacity to plug into the Financial Post Securities Data base.

The client contact for all three products is Anne Hipwill.

Endowments and foundations: A Pensions & Investment Age *special report Oct. 15.*

Micro/Scan

Isys Corp.
P.O. Box 214, 50 Church St., 4th Floor, Cambridge, Mass. 02238; (617) 491-6221

Micro/Scan, introduced in 1982, is a self-contained data base screening, analysis and report writing system for professional investors. The system provides subscribers with monthly, weekly or daily updates of large-scale data bases on diskettes or 10-megabyte cartridges for use on the IBM XT. The system contains such features as portfolio management, descriptive statistics and graphics, and the ability to create, rank or import variables. It can be networked to serve up to 40 users.

The firm publishes via the software package seven proprietary data bases: Ford Investor Services, 1,400 stocks; Drexel Burnham, 1,700; Disclosure II, 8,500 stocks; Financial Post, 400 Canadian stocks; I/B/E/S, 2,800 stocks; Compustat, 6,000 stocks; and DRIBAS, 14,000 commercial banks. All can be merged into common reports and downloaded into spreadsheets.

The system can run on the IBM PC or XT. There have been 200 copies sold; prices range from $6,250 to $25,000. The client contact is Walter J. Campbell.

Microshare Profit Sharing System

Trilog Inc.
1700 Market St., Philadelphia, Pa. 19103; (215) 564-3404

Microshare Profit Sharing System, which has moved more than 100 units since its 1983 release, is used for profit sharing, money purchase, pension savings and simple thrift plans.

The system allocates company contributions and calculates withdrawals and forfeitures. There are five standard vesting schedules, users can enter their own custom schedules. It handles employee tax-deductible contributions; either or both of the employee investments accounts can be designated as tax deductible, and employer contributions may or may not be part of the plan.

The tax reporting program complies with TEFRA regulations, calculates ordinary income and capital gains for participant withdrawals and prints 1099R tax forms, distribution statements and a tax ledger. Other reports produced are the Plan Digest, Administrative Report, Certificates and Input Preparation List (a turnaround document).

The program can be run on the Apple and IBM microcomputers. The client contact is Marcia Hoover.

Microshare Thrift/401(k)

Trilog Inc.
1700 Market St., Philadelphia, Pa. 19103; (215) 564-3404

The newly released Microshare Thrift/401(k) system is for 401(k), profit-sharing, ESOP and money purchase pension plan record keeping. The system can handle eight employee cash options plus two employee company stock options, and calculate automatic withdrawals and forfeitures. It uses standard vesting schedules but can be customized to meet user needs. It also enables users to track 401(a), 401(k), IRA and ER contributions, along with 415 violations, subchapter S, top heavy and 401(k) discrimination testing.

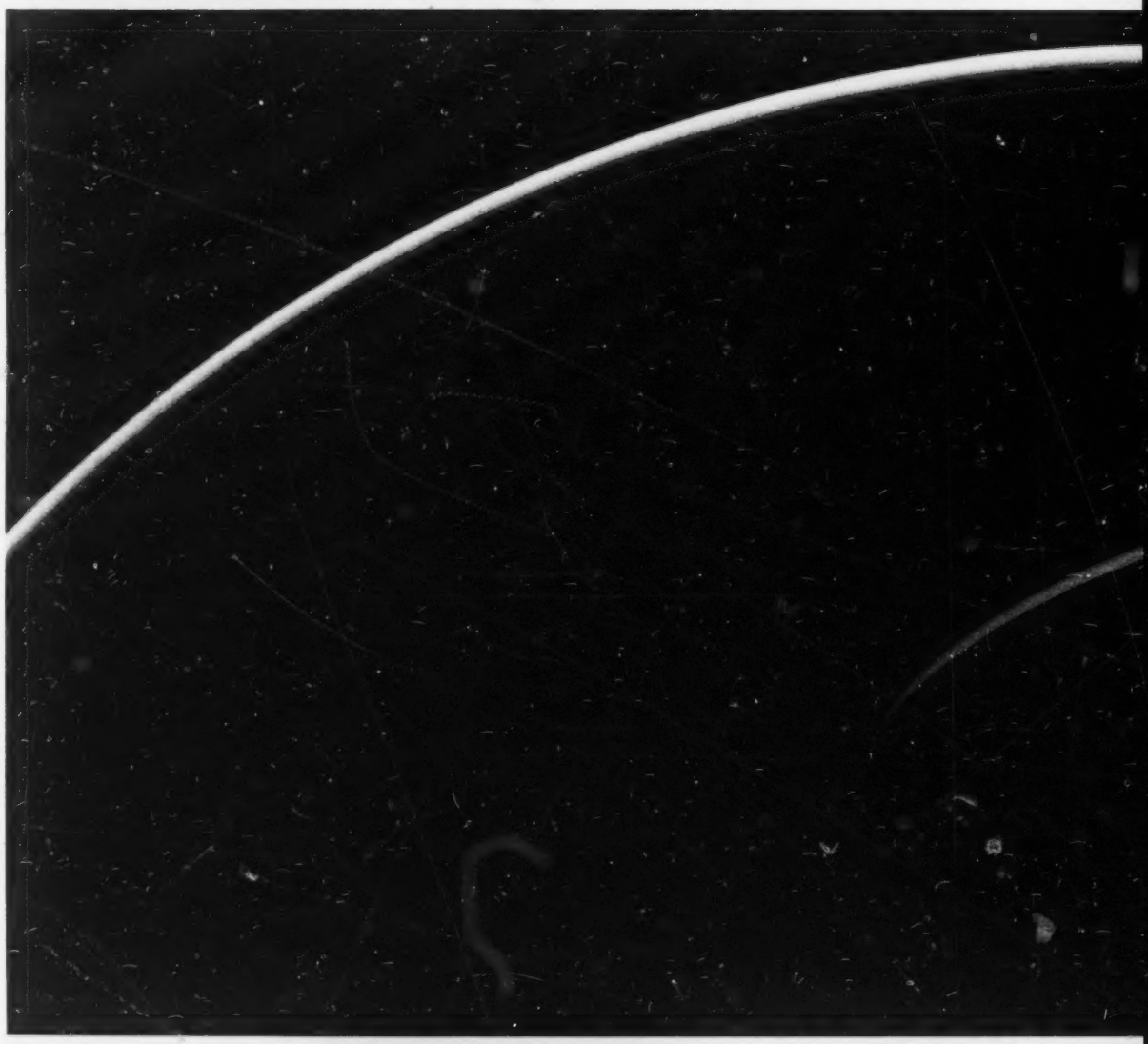
The program can be run on the IBM PC, XT and Apple III. The client contact is Marcia Hoover.

Micro Trustee

Hamilton, Johnston & Co. Inc.
52 Vanderbilt Ave., New York, N.Y. 10017; (800) 223-1766 or (212) 682-8680

Micro Trustee, introduced in 1982, is a system for professional portfolio accounting, reporting and performance measurement. It duplicates typical master trustee reports on demand at reduced costs. Reports include asset list, transaction statement, largest holdings, source and use of funds, audit trail, capital

SOUP TO NUTS.



Chessie System Railroads

Seaboard System Railroad

Texas Gas Resources

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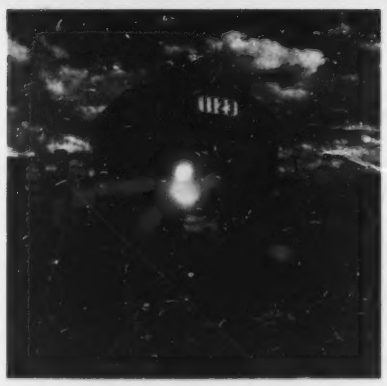


CSX Corporation, with its giant rail network, trucklines and special distribution centers, is leading the way toward total transportation.

And its innovative services are keeping customers like the Campbell Soup Company satisfied.

In 1979, Campbell established a Southeastern distribution center for its canned food products in Maxton, North Carolina.

gain/loss, cash and accrued income, participant unit values, ERISA reports, economic sector weightings, broker commissions, investment performance and asset mix.

The system will run on the IBM PC, XT and TRS 80 III. In addition to the firm's YARDSTICK data base, the system can access data bases offered by Compuserve and DTC. It is available either as a service bureau or for outright purchase. The client contact is Richard C. Egbert.

Micro-Xport

Interactive Data
486 Totten Pond Road, Waltham, Mass. 02154; (203) 890-1234

Micro-Xport, introduced in August, is the transaction entry facility for the Xport portfolio management product. The program integrates timely, accurate financial data, with the investment manager's portfolio data, and organizes and streamlines portfolio maintenance. It allows the user to track investment decisions by recording buys and sells; automatically updates for capitalization changes, computes long- and short-term gain and loss, prices and evaluates portfolio holdings and measures performance.

The performance measurement component gauges the success of investment decisions using both time-weighted and dollar-weighted performance calculations and compares returns against any standard market index. It also allows the user to select from 300 standard report formats or to customize their own.

The program can run on the IBM PC, XT, Eagle and COMPAQ and has the capacity to plug into the firm's Analystics data bases. The list price is $100 plus Xport subscription/data charges.

Model PC

Lloyd Bush and Associates
156 William St., New York, N.Y. 10038; (212) 962-4004

Model PC, introduced in 1983, is part of a line of financial modeling products that are compatible, allowing work to be transported among them. Four levels of the program are available, with each successive level providing increased capacity and functionality.

Price ranges from $175 to $2,700. The program will run on the IBM PC, HP 150 and most MS/DOS computers. The client contact is Susan Rothschild.

Money Decisions

Eagle Software Publishing Inc.
Suite 405, 9930 Old Eagle School Road, Wayne, Pa. 19087; (215) 964-8660

The Money Decisions program, which has sold approximately 5,000 copies since its release in 1982, is a collection of 70 of the most frequently used business and financial calculations. The program also includes a communications feature and a subscription to Compu-Serv's Executive Information Service, with access to electronic mail, market data and business/financial news.

List price is $259. It runs on IBM PC and compatibles, Apple II and IIe, Wang Professional and DEC Rainbow 100. The client contact is Andrew Knox.

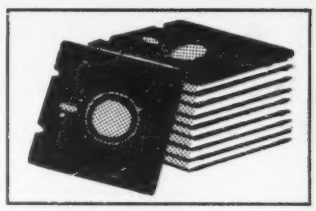
MoneyPlan

Money Tree Software
760 SW Madison Ave., Corvallis, Ore. 97333; (800) 533-3914 and (503) 757-1114

MoneyPlan, a fully integrated financial planning program, has sold 250 copies since its January release. It has data base, client data management and word processing capabilities and can generate a full financial plan from many of the reports on the system. Many of the reports are accompanied by graphics.

List price is $4,000. It runs on the IBM PC and XT.

Third-quarter PIPER results will be published in the Nov. 12 issue.



The Mortgage Calculator

Technical Data Corp.
45 Milk St., 4th Floor, Boston, Mass. 02109; (617) 482-3341

The Mortgage Calculator, introduced in 1983, aids in making strategy decisions for a portfolio of mortgage-backed securities. Yields for mortgage-backed securities based on either FHA experience or SMM (Single Monthly Mortality) models are calculated. Rates of return for mortgages are calculated based on assumed horizon prices and reinvestment rates.

A range option permits multiple calculations on a single screen. Amortization schedules may be either graphed or printed. A swapping function recently has been added to allow detailed analysis of a buy/sell transaction.

The program, which has a list price of $1,500, can run on the IBM PC, XT and compatibles. The client contact is Katharine Hirsch.

n

NIDSFUND

National Investor Data Services Inc.
15 Windmill Lane, Southampton, N.Y. 11968; (212) 514-6100

NIDSFUND, introduced in 1982, is a complete mutual fund accounting system providing automated processing of the entire daily operation, including purchases and sales, income, maturities, pricing, income and expense accruals and net asset value calculation.

It uses most of the features of the firm's NIDSPORT and includes an automatic interface with a full general ledger system tailored to fund accounting.

The program runs on Data General's DG-10 and DG-20. It also has the capability to support most available data bases. Twelve systems have been sold. The monthly fee starts at $1,250. Denis Dwyer is the client contact.

NIDSPORT

National Investor Data Services Inc.
15 Windmill Lane, Southampton, N.Y. 11968; (212) 514-6100

NIDSPORT, introduced in 1979, is a comprehensive portfolio management system. Reports include order and trade, block allocation, account modeling, performance measurement, income and trade tracking, DTC interface, client billing, general ledger and word processing.

The system can run on the DG-10 and DG-20. Approximately 50 systems have been sold. Prices start at $800 per month. The client contact is Denis Dwyer.

NIDSSHARE

National Investor Data Services Inc.
15 Windmill Lane, Southampton, N.Y. 11968; (212) 514-6100

NIDSSHARE, introduced in 1982, is a comprehensive mutual fund shareholder processing system, which allows real-time availability to all shareholder information. It handles no-load and load funds and money market funds. Some of the features include IRA/Keogh processing, automatic check withdrawal, reinvestment of distributions, third-party distributions and sophisticated marketing programs. The program contains all the features of the major service bureaus.

The program can be run on the DG-

CSX Railroads Handle Campbell's Distribution Needs From Inbound Tin To Outbound Tomato.

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10 and DG-20 and has the capacity to access most available data bases. There have been four systems sold. List price is $1,500 per month plus a small account fee. The client contact is Denis Dwyer.

O

Optamix

Buck Pension Fund Services Inc.
2 Pennsylvania Plaza, New York, N.Y. 10121; (212) 279-4400

Optamix, which has sold 20 copies since its introduction in July 1983, is a portfolio allocation analysis system designed to be used by investment professionals. It computes the portfolios that lie precisely on the efficient frontier. The system, which comes with capital market assumptions, allows the user to set the minimum and maximum limits on the allocation for each of 10 asset classes. There is also a data management module that allows the given assumptions to be modified and allows other assumptions and constraints to be entered.

Optamix calculates the probability of achieving target rates of return for various time intervals for all portfolios on the efficient frontier and for individual portfolios.

Confidence intervals for expected returns over various time horizons are another feature. Output is displayed in graphic and tabular form.

The system, which has a list price of $7,500, runs on IBM and most compatibles.

The client contacts are Eileen Leonard and Ken Fleischer.

Optioncalc

Savant Corp.
P.O. Box 440278, Houston, Texas 77244; (713) 556-8363 or (800) 231-9900

Optioncalc calculates the theoretical value for call options according to the Black-Scholes model, and for put options based on the call price and an efficient marketplace. Manually entered data allow the program to calculate the value for both the put and call options selected, the exact expiration date, the number of days to expiration, the hedge ratio and the put and call symbols; further "what if" calculations can be performed. The list price for the program, which runs on the IBM PC and COMPAQ, is $89.

The client contact is Paul Langston.

Option Pac

Milton Co.
395 Southend Ave., New York, N.Y. 10280; (212) 912-1466

The Option Pac, just introduced, uses a Black-Scholes model for options to arrive at the theoretical price for put and call options on today's market.

The software package can run on the IBM PC, XT and PC Jr., and the Apple II, IIe and IIc. The list price is $35.

Optionx

Crawford Data Systems
350 N. Lantana, Suite 561, Camarillo, Calif. 93010; (805) 987-6164

Optionx, introduced in 1982, provides analysis of factors related to the options market.

For puts and calls, it calculates fair value, percent overprice, hedge ratio, leverage, net premium, implied volatility, expected profit and risk/reward ratio.

For covered writes, it also calculates immediate return, no change return, expected profit and minimum return. Dividends and commissions are taken into account.

The program is based on the writing of McMillan, Bookstaber and Gastineau. It includes the Cleeton model, the Black and Scholes model, automatic calendar, stock data base manager and recursive calculation of volatility.

More than 500 copies have been sold.

The list price is $145. The software, which runs on the Apple IIe and II+, can plug into the Dow Jones News Retrieval data base.

The client contact is Katherine Moule.

P

PC/Fixed Asset System

Best Programs
5134 Leesburg Pike, Alexandria, Va. 22302; (703) 931-1300

PC/Fixed Asset System, introduced in June 1983, keeps track of information needed to effectively manage fixed assets: the name of the custodian, location, the asset's class, the price and date of purchase, investment tax credit, estimated life, disposal method and gain/loss. The program maintains three different depreciation schedules on each asset, and has seven common methods of depreciation built in.

Users can customize up to nine depreciation methods.

The system allows users to name six input fields. Also, users can sort assets by two different categories and use seven different selection criteria to specify which assets to include in reports.

The system, with a list price of $495, runs on the IBM PC, XT and compatibles. The client contact is Dorothy Webb.

P.C. Portolio Management Information System

Canavest Inc.
8 King St. E., Suite 1510, Toronto, Ontario M5C 1B5; (416) 862-1930

The product, a portfolio reporting system introduced in 1982, is designed to store, order and display portfolio records. Reports include evaluations, holdings, audit trail, maturity schedule, cash forecasting, performance, brokerage listing, confirmations, security price list and report writer package.

Features include multicurrency reporting, on-list pricing and bond pricing programs.

The software, which has a list price of $22,500, runs on the IBM PC and compatibles. It also has the capacity to plug into Instadat data base. Twenty-five systems have been sold. The client contact is Jim Pybus.

PC Screen

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

PC Screen, introduced in April, is a micro/mainframe product. By plugging into data bases offered by Compustat, I/B/E/S, and the firm's own data bases, it screens instantaneously more than 100 fundamental and technical items on more than 6,000 companies. Seven years and 10 quarters of data are available on many fundamental items. Users may combine any of these items to create their own data for screening. Complete on-line help facility and description of data are also available.

Technical data is updated daily. Fundamental data is updated weekly. The program reports to the monitor, printer or downloads to Lotus 1-2-3 and Symphony.

The program can be run on the IBM PC, XT, COMPAQ PC and Hard Disk, and the IBM 3270. There is a monthly fee of $1,500 or an hourly fee of $400. David Culbertson is the client contact.

Pear Portfolio Management

Hale Systems
1044 Northern Blvd., Rosyln, N.Y. 11576; (516) 484-4545

Pear Portfolio Management manages portfolios, allows transactions and generates reports, including portfolio appraisal, securities cross-reference, unrealized and realized capital gains and losses and statements of investment income.

Approximately 1,500 copies have

This Announcement appears as a Matter of Record only

September 1984

Over $100 Billion Mortgage Backed Securities placed by the Former Employees of Becker Paribas Mortgage Backed Securities Department

The undersigned would like to thank our clients and friends for their participation in the public and private placement of these securities.

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Gene Collins–Managing Director, Mortgage Trading and Sales

Perrin Arturi–Mortgage Securities Trader
Martha Baratz–Senior Vice President, Director Mortgage Finance
Kathy Barrale–Office Coordinator
Lynn Barry–Vice President, Senior Trader
Charmaine Best–Operations
Nancy Block–Sales Assistant
Karen Bricker–Programmer
Thomas Capasse–Mortgage Finance
Jerry DeNigris–Operations/P&L
John Driscoll–Salesman
Debbie Freund–Vice President, Salesman
Peggy Hatton–Vice President, Whole Loan Trader
Selenia Hernandez–Mortgage Securities Trader, Asst. Vice President
Howard Hill–Senior Programmer
Catherine King–Mortgage Securities Trader, Asst. Vice President
Robert Knutson–Vice President, Salesman
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Julie Pepe–Sales Assistant
Gerald Pietroforte–Vice President, Mortgage Finance
Victor Santiago–Asst. Vice President, Director Mortgage Operations
Catherine Schultz–Mortgage Finance
Lynn Selrup–Programmer
Robin Stevans–Secretary
Perry Willson–Vice President, Salesman

been sold. The list price is $600 for Apple and $695 for IBM users. The program can plug into data bases offered by Dow Jones, Warner Computer Systems and Remote Computing's Merlin/Dial Data. The client contact is Libby Lieberman.

P-Load

Zacks Investment Research
2 N. Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

P-Load, which was introduced in September, is an add on to the Microanalyst that enables portfolio positions from Shaw data and other portfolio accounting systems to be read into the Microanalyst data base management system. Once the portfolio positions are in Microanalyst data base structure, a wide range of client reporting and portfolio monitoring functions can be carried out.

The program can run on the IBM XT. The list price is $300. The client contact is Leonard Zacks.

Portfolio Decisions

Eagle Software Publishing Inc.
Suite 405, 993 Old Eagle School Road, Wayne, Pa. 19087; (215) 964-8660

The program, which has sold approximately 2,000 copies since being released this year, is a portfolio management and reporting package enabling investors and financial advisers to track and monitor purchases, earnings and sales transactions in up to eight investment categories. It also allows "what if" simulation for planning purposes and provides accounting and audit trails for tax and capital gains purposes. Another feature provides access to on-line investment information services for instant price updates.

List price is $249. It runs on the IBM and compatibles. Andrew Knox is the client contact.

Portfolio Evaluator

Hinson Products
5817 Waterbury Circle, Suite 2A, Des Moines, Iowa 50312; (515) 288-8511

The Portfolio Evaluator, introduced in January, is a menu-driven data base portfolio program. It helps to keep track of portfolio net gains and losses as well as to project income and current yields.

Portfolios of 150 assets or more can be processed with full sort and retrieval capabilities. Sorting is available by user-supplied category, maturity date and finally by alphabet. Printing is available. It also gives percentages of each asset to category and portfolio. It is partially modifiable.

The software, which has sold 25 copies, can run on the Apple II. The list price is $45. The client contact is Dick Hinson.

Portfolio Management System

Bunker Ramo Information Systems
Trumbull Industrial Park, Trumbull, Conn. 06609; (203) 386-2000

Portfolio Management System, introduced this year, provides the ability to maintain and analyze customer portfolios. The portfolio information is updated from the firm's real-time quotation data base in order to provide the current information on client portfolio, such as long-term gain and loss.

The program can be run on the Aladdin 40 microcomputer.

Portfolio Management System

Darling & Associates Inc.
451 Andover St., Suite 209, North Andover, Mass. 01845; (617) 794-0212

The system, just introduced, is an investment securities accounting system that performs bookkeeping, reporting and transactional analysis for traditional securities, as well as fixed- and floating-rate debt, zero-coupon and amortizing debt, OID securities, mortgage-backed securities, common and preferred stocks, securities with put, call and conversion features, warrants, rights and covered options. The system will account for and report on repurchase agreements.

It can project cash flow relating to principal, accrued interest and dividend income, and interest rate expense. For holding companies, PMS handles multiple institutions and multiple portfolios. An optional bond swap module allows modeling of single or multiple bond swaps using bonds in the portfolio, and/or proposed bond purchases.

The system, which lists at $9,500 will run on the IBM XT and the Compaq+. Lori L. Teske is the client contact.

Portfolio Performance Evaluator

Access Dynamics
P.O. Box 586, Concord, Mass. 01742; (617) 369-3742

Portfolio Performance Evaluator, introduced in 1983, is an evaluation tool rather than an investment decision-making aid. It is designed to provide professional investment managers with a method of presenting to clients results of investment decisions. It allows direct comparison of historical data on an investment account to an appropriate, comparable index or criteria specified by the investor. Comparisons are made by fiscal quarter, fiscal year and on an annualized return basis from the inception of the account.

The list price is $290. It will run on the IBM PC and XT. The client contact is Helga Lilley.

Portfolio Plus

Minicomputer Systems Inc.
2037 16th St., Boulder, Colo. 80302; (303) 443-3347

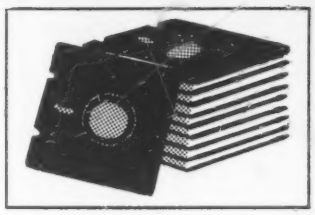
Portfolio Plus, introduced in 1982, automatically handles record keeping for stocks, bonds, mutual funds, Treasury bills, annuities, commodities, options and cash accounts.

The system keeps files on clients, securities, brokers and industries and updates them automatically with each transaction. Transactions record buys, sells, short sales, deposits, withdrawals, dividends and interest. Security prices are updated either manually or automatically.

Significant calculations and year-to-date totals -- such as long, short, realized and unrealized gains/losses; projected annual income; and time-weighted portfolio performance — are generated and maintained by the system.

From this information base, investors can request many standard reports: detailed portfolios by client, security, industry and market value; commission summary; transaction detail and audit; security cross-reference; and daily change in portfolio value. The entire system rests on the Metafile data base, which allows fully integrated word processing and custom report generating.

The system will run on the IBM PC, XT and AT and compatibles. It can



plug into the Dow Jones and Interactive Data data bases. Thirteen units have been sold. List price of $2,500. The client contact is Nancy Walters.

Portfolio Valuation System (PVS)

Computer Aided Decisions
31 Milk St., Boston, Mass. 02109; (617) 542-6181

PVS, a portfolio appraisal system introduced in January 1982, is designed to replace time-shared portfolio reports. Entering ticker symbol (or cusip), units and aggregate cost automatically produces any of eight

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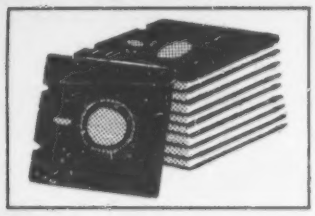


portfolio appraisal reports with three-level security description and grouping.

The system will run on the IBM PC and XT, and the Apple IIe and IIe+. It can plug into data bases offered by Compuserve and Control Data. List price is $3,500. The client contacts are Brehon Griswold or Bud Weiler.

Portscan

Gifford Fong Associates
3730 Mt. Diablo Blvd., Suite 350, Lafayette, Calif. 94549; (415) 283-8363

Portscan, which has sold 100 copies since its release in 1974, creates and manipulates basic bond files used in the GFA analytical systems. In addition to conventional issues, it can handle pass-throughs, floating-rate notes, extendable and retractible issues.

It runs on IBM PC and XT. Price is available on request. Ivan P. Gruhl is the client contact.

Price Scan

Gifford Fong Associates
3730 Mt. Diablo Blvd., Suite 350, Lafayette, Calif. 94549; (415) 283-8363

Price Scan, which has sold 100 copies since its introduction in 1976, is a pricing evaluation program that provides a double check of pricing for a given portfolio. Prices and yields are displayed in tabular and graphic form to uncover pricing irregularities.

Price Scan also provides sorting capabilities by nine different criteria to analyze the portfolio cross-sectionally. It is used to calculate duration for individual securities, subsectors and for the portfolio.

It runs on the IBM PC and XT. Price is available on request. Ivan P. Gruhl is the client contact.

The Professional Portfolio

Advent Software Inc.
510 Third St., San Francisco, Calif. 94107; (415) 543-7696

The Professional Portfolio, introduced in December 1983, is a system developed to serve the accounting and reporting needs of professional money managers, account executives, investment partnerships, trust departments and corporate investment departments.

The system maintains a complete record of all portfolio transactions for each client, provides the ability to cross-reference account information and produces 25 standard reports — from a maturity and expiration alert to a summary of unrealized gains and losses.

The system, which has a list price of $4,000, will run on the IBM PC. Sixty systems have been sold. It can plug into IDC Datafeed, Dow Jones News/Retrieval and Warner data bases.

Stephanie Di Marco is the client contact.

Professional OptionVue 2.3

Star Value Software
12218 Scribe Drive, Austin, Texas 78759; (512) 837-5498

Professional OptionVue 2.3 is a full-featured package for the options traders. With this program, the specialist or floor trader has access to fast, comparative graphic analysis as well as a variety of essential tabular reports. Both simple strategies and extensive positions may be evaluated.

Professional OptionVue 2.3 will maintain the trader's position in any number of stocks, indexes, cash-carry commodities, convertible securities and warrants. Its tabular reports include delta and gamma, delta and gamma extensions, and theoretical values at small intervals of price or volatility. The program also has the ability to find and rank the best current opportunities. Dividends and cost of money are taken into account. An expiration date calendar is built in.

The program can run on the IBM PC and XT, AT&T, COMPAQ, TI Prof., and Tandy 2000. It also has the capacity to plug into the Dow Jones News Retrieval data base. The list price is $895. The client contact is Leonard Yates.

Pro-Trader

ProSoft Inc.
719 Fleet Bank Bldg., P.O. Box 235 Annex Station, Providence, R.I. 02903; (401) 273-7459

Pro-Trader, introduced in January, has an inventory control that prevents users from selling more stock than they own. Trade reference numbers make partial selling, editing and deleting easier. The program can list or print a complete inventory of equities, symbols and current market prices. It can handle up to 999 transactions and has a capacity of up to 200 symbols per disk.

The program has the capacity to update positions automatically via link up with the Dow Jones/News Retrieval data base. It also contains a pro-recovery system that prevents data loss. The program runs on the Apple II+, IIe, IIe and Franklin Ace 1000. There have been 175 copies sold. The list price is $139.99. The client contact is Derek Harris.

Pro/Vest

Software Resources Inc.
45 Milk St., 4th Floor, Boston, Mass. 02109; (617) 482-3341

The Pro/Vest professional investment portfolio system is a comprehensive accounting and reporting system.

The system handles large portfolios and processes virtually all security and transaction types including: equities, fixed-income, mutual funds, options, cash equivalents and other assets. Additionally, it keeps complete client records and broker and custodian bank information; provides separate tax lot or average cost accounting data; maintains separate income and principal cash positions; and offers automatic pricing globally posted dividends and splits.

The program comes with 14 standard reports. It also contains a report writer that allows the user to design reports to suit specific management and client requirements. New features of the program include spread sheet and word processing program interfaces and performance evaluation.

It has the capacity to plug into the IDC Chase Econometrics and Remote Computing data bases and runs on the IBM PC, XT and compatibles. List price is $5,500. The client contact is Anne Marie Mosca.

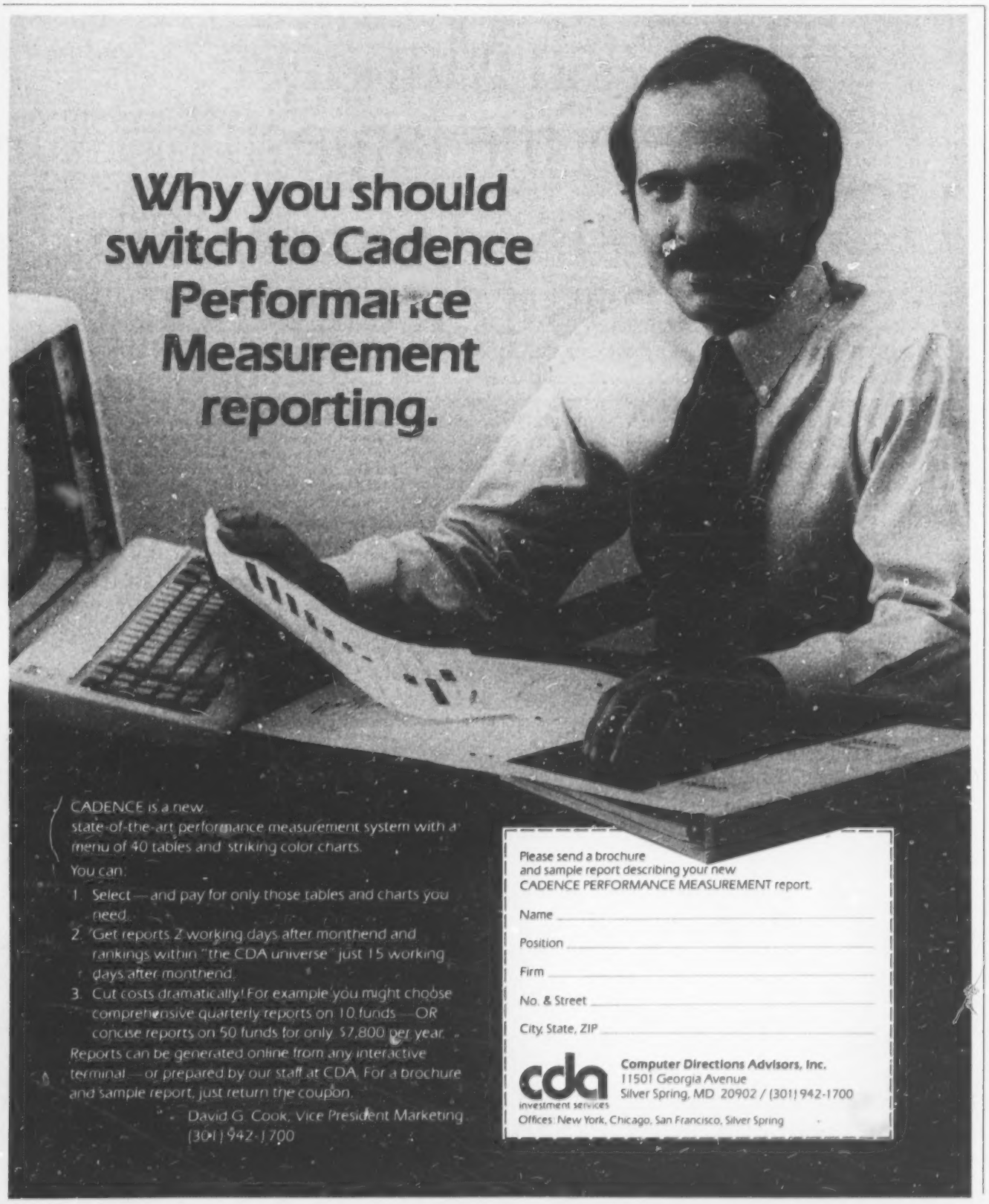
PVS II — Portfolio Valuation System II

Computer Aided Decisions
31 Milk St., Boston, Mass. 02109; (617) 542-6181

PVS II, a newly introduced turnkey system with a list price of about $20,000, is an integrated portfolio record keeping and control family of software components, designed to meet the needs of intermediate size and/or newly formed investment management firms. In addition, the system meets the needs of brokerage firms seeking comprehensive portfolio reporting and accounting systems. It provides investment advisers and brokerage firms with an integrated, audit trail, and a tax-lot accounting system with full client reporting features.

The system works with the Apple LISA and can plug into any standard time-share vended pricing and fundamental data bases. The client contact is G.M.S. Pik.

401(k) plans: A special section in the Oct. 29 issue of Pensions & Investment Age



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The Rate of Return Analyzer

Technical Data Corp.
45 Milk St., 4th Floor, Boston, Mass. 02109; (617) 482-3341

The Rate of Return Analyzer, introduced in 1982, aids in making strategy decisions for a portfolio. In particular, it helps decide the optimum maturity in which to invest.

Based on the user's assumed market levels and reinvestment rate, the product simultaneously calculates the total annualized rates of return for up to 14 fixed-income securities. Extensive graphic displays and printouts are included.

It can run on the IBM PC, XT and compatibles. The list price is $1,375 with a yearly maintenance fee of 10%. The client contact is Katharine Hirsch.

Real Estate Analyzer

HowardSoft
8008 Girard Ave., Suite 310, La Jolla, Calif. 92037; (619) 454-0121

Real Estate Analyzer, of which more than 5,000 copies have been sold since its release in 1980, performs financial analysis for investment decision-making. It can compare dissimilar properties on the basis of return on investment, internal rate of return, financial management rate of return and after-tax cash flow. The program automatically calculates multiple loan payments, depreciation schedules, income, and expenses. Also it can answer "what if" questions by changing data. Complex financing arrangements and inflation factors also can be taken into account and projected on a ten-year printout.

The program runs on the IBM PC and XT, Compaq and Compaq+, and the Apple II, II+, and IIe.

Real Estate Asset Management Software System

Berge Software
1200 Westlake Ave., Suite 612, Seattle, Wash. 98109; (206) 284-7610

Real Estate Asset Management Software System, introduced in 1981, is a comprehensive system of programs designed to perform in-depth analysis of the acquisition, financing, holding and dispositon of real properties and provide rapid evaluations of real estate investment opportunities and alternatives.

The list price for the package is $2,975.

The product also is sold in units at $595.

Investment Analysis has two programs. It analyzes the income, vacancy and credit loss and expenses attributable to the operations of an income-producing property. It also computes the net operating income for a single period.

Acquisition & Disposition Analysis has four programs that address various methods of acquiring and disposing of real properties, including tax deferred exchange and installment sale. It computes yield on cash flows and compares alternative series of cash flows.

Commercial Finance has six programs that address the financing of commercial real estate, including accrued interest and lender participation financing.

Residential Finance aims to meet the needs of those users "creatively financing" projects.

Land & Lease has four programs that address the holding of raw land and various lease situations.

The software will run on the IBM PC, Apple II and IIe, HP 150 and Wang PC.

Third-quarter PIPER results will be published in the Nov. 12 issue

Real Estate Overlays for Multiplan

RealData Inc.
P.O. Box 691, Southport, Conn. 06490; (203) 255-2732

Real Estate Overlays for Multiplan, introduced in 1983, is a series of templates to aid the real estate investor in analyzing income-producing property. It generates a complete 10-year sensitivity analysis for income-producing property, with automatic calculation of depreciation (by ACRS or SL); annual debt service, interest and payoffs for three mortgages; before- and after-tax flows and sale proceeds (including adjusted basis, capital gain and recapture calculations); and internal rate of return. Also it produces annual income-and-expense statements and mortgage amortization schedules.

The program, which has sold 600 copies, runs on the IBM, MacIntosh and most others that run Multiplan. The list price is $100. The client contact is Frank Gallinelli.

Risk Rating

Computer Aided Decisions
31 Milk St., Boston, Mass. 02109; (617) 542-6181

The company says that Risk Rating, introduced at the end of 1983, is the only quantifier of fundamental risk and a powerful predictor of corporate technical default. By quantifying the probability of default for each corporation analyzed, the firm claims that Risk Rating has predicted 17 of the last 18 bankruptcies three years in advance.

The system provides spread forecasting, swapping and establishing suitability standards by fixed-income and cash managers, security selection based on degree of fundamental financial risk assumed, and exception reporting.

The system, which lists at $10,000, runs on the IBM PC and XT and plugs into the standard time-shared vended fundamental data bases. The client contacts are Gerry Pikl and Bud Weiler.

401(k) plans: A special section in the Oct. 29 issue

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The Savant/Spreadsheet Databridge

Savant Corp.
P.O. Box 440278, Houston, Texas 77244-0278; (713) 556-8363 or (800) 231-9900

The Savant/Spreadsheet Databridge, released in August, allows users of the firm's Technical Investor program to transfer data between that program and Lotus 1-2-3, SuperCalc or other spreadsheet programs. Data

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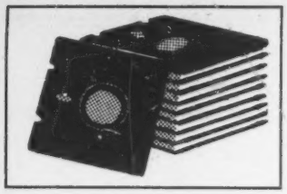

can be moved into a spreadsheet for complex user-defined calculations. Then, the results of those calculations can be returned to the Technical Investor for analysis and charting. The Databridge also allows transfer of data between standard text files, Savant data files and DIF files, thus giving users the ability to use the Technical Investor data in their own programs, convert DIF files into text files, convert between different types of Savant data files and more.

It runs on the IBM PC, XT and compatibles. The list price is $145. The client contact is Paul Langston.

SD-2 IMSS

SYS-DYN Corp.
125 Morris St., Morristown, N.J. 07960; (201) 538-4600

SD-2, introduced in 1978, is an investment management support system designed to produce portfolio record keeping reports for firms managing institutional investment portfolios or acting in professional investment advisory capacities.

The system can run on Wang microcomputers and has the capacity to plug into data bases offered by ADP, DTC and any data base that supports teletype communication.

Eighteen systems have been sold. The list price is $20,000. The client contact is Joan M. Giannotti.

Securities Lending

DML
115 Broadway, New York, N.Y. 10006; (212) 602-5440

Securities Lending offers on-line, interactive control over the lending/borrowing activities of corporate issues and government securities.

The system is designed for stock brokerage firms, medium-size banks, insurance companies, mutual funds and corporations managing their own portfolios. The program monitors every step of a transaction, including daily mark-to-market, audit and reporting procedures, and production invoices. Optional modules include government lending, extended exposure reporting, accounting interface, profit center reporting and on-line availability.

Approximately six systems have been sold. The list price is $25,000. The software will run on an IBM PC.

The client contact is William A. Potts.

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Smart Link

Software International
1 Tech Drive, Andover, Mass. 01810; (617) 685-1400

Smart Link, which was introduced in April, is a micro-to-mainframe link that gives IBM PC and XT users the ability to download, upload and manipulate mainframe data on their microcomputer. The program is integrated directly with Software International's on-line General Ledger and Financial Reporting System, and works with popular spreadsheets including Lotus 1-2-3 and VisiCalc. Other features include comprehensive security, help screens, menu-driven operation and interface to popular DBMS and graphics products.

There have been approximately 50 copies sold. The list price is $2,995. The client contact is Regis Kaufman.

Soap-Stock Option Analyst Program

H&H Scientific
13507 Pendleton St., Fort Washington, Md. 20744; (301) 292-2958

Soap-Stock Option Analyst Program, introduced in 1981, uses the Black-Scholes model to calculate the fair price of options, and includes a full Dow Jones interface.

The expected profit or loss on transactions involving up to three classes of options can be calculated and graphed for any time until the options expire.

Several hundred copies have been sold. The list price is $250. The program will run on the Apple II, II+ and IIe. It is also available for the IBM PC for $350. It has the capacity to plug into the Dow Jones data base.

Stock Charting

Diamond Head Software
841 Bishop St., Suite 1618, Honolulu, Hawaii 96813; (808) 537-4972

Stock Charting, introduced in 1982, provides users with an instant image of a stock's trend during the last 30 trading days. The same screen also provides the latest fundamental data such as yield and current and projected price-earnings ratios.

More than 700 copies have been sold. List price is $69.95. The software will run on the IBM PC, XT, PC Jr. and COMPAQ. The client contact is Ernest Harris.

Stockfocus

Centennial Software Inc.
1873 S. Bellaire St., Suite 510, Denver, Colo. 80222; (303) 691-5586

Stockfocus, introduced in 1982, performs a fundamental analysis of a common stock using a mathematical model first developed by the operations research and econometrics department of a major money center bank.

It accepts data on the capital structure and the last five years' earnings and dividends payment, and calculates the lowest and the highest reasonable price per share, the percentage change the stock would undergo if it moved to either price, and the respective p/e. The user may then input the estimate of a company's future performance and the model projects probable trading range for a five-year horizon. Results are displayed numerically and graphically.

Approximately 600 copies have been sold. The list price is $59.95.

The program runs on Apple IIe and II+, IBM PC, TRS 80 I, II, III and the Commodore 64.

The client contact is Philip J. Broomfield.

Stockfocus Version 2.0

Centennial Software Inc.
1873 S. Bellaire St., Suite 510, Denver, Colo. 80222; (303) 691-5586

Stockfocus, which has moved 50 copies since its release in March, 1984, accepts financial data on the

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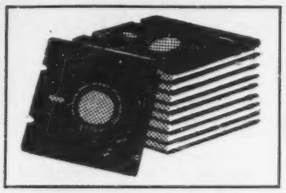

corporation to be evaluated, including the capital structure and five-year earnings and payout ratio. The program calculates and displays an unbiased high-low valuation. In addition, the user may input growth estimates for the next four years for a five-year projected valuation.

The program creates its own data base files in which source data is stored. Up to 900 stocks can be stored on a five-inch, single-sided disk. The file can be sorted by potential performance of each stock and alphabetically. Reports can be printed or spooled to disk.

List price is $79.95. It runs on the Epson QX-10, Kaypro II/4, IBM PC, Sanyo MBC1000, Osborne 1/Exec, Xerox 820 II and TRS-80 II/12/16. Philip J. Broomfield is the client contact.

The Stock Manager

Omni Software Systems Inc.
146 N. Broad St., Griffith, Ind. 46319; (219) 924-3522

The Stock Manager, introduced in 1980, is a portfolio management system for the small or large investor. It handles up to 400 stocks on a single disk and prepares several reports, including those necessary for the investors tax return.

There have been 1,500 copies sold. The list price is $150. The program can run on the IBM PC. The client contact is Joe T. Alonso.

Stock Momentum Studies

Troy-Folan Productions Inc.
29 Miller Road, Wayne, N.J. 07470; (201) 694-0424

Stock Momentum Studies, which was introduced in 1981, is a technical program for determining buying and selling levels of stocks, indexes, futures and commodities. Using several different programs, the user can follow trends with moving averages. Two programs, momentum and relative strength, plot buying and selling activity.

The user has the flexibility to alter time periods and daily differentials to test cyclical periods.

The program can be run on the Apple II, IIe and IIc. It also can plug into the Dow Jones Stock Retrieval and Bridge Data Corp. data bases. There have been 70 copies sold. The list price is $425 with auto printout board and $325 without. The client contact is Kenneth Troy.

Stock Option Scanner (SOS)

H&H Scientific
13507 Pendleton St., Fort Washington, Md. 20744; (301) 292-2958

SOS, released in 1983, scans a list of 3,000 options positions and rank orders the top 50 and the bottom 50. The program is designed to help the serious option investor quickly scan a very large number of options, spreads, straddles and neutral hedges which are expected to be most attractive for further analysis.

List price is $350. It runs on the Apple II, II and IIe, and the IBM PC, and plugs into Dow Jones data base.

Stockpak II

Standard & Poor's Corp.
25 Broadway, New York, N.Y. 10004; (212) 208-8581 or (800) 852-5200

Stockpak II is for fundamental stock analysis. More than 100 individual data items are provided on each of the 4,500 companies covered in the program's universe. With the program, an investor can look up key financial facts, create graphics comparing two or more companies, or screen for stocks meeting selected investment criteria.

The program has both Apple II and IBM PC versions. Subscriptions are annual and include a program disk and monthly data disks.

Subscriptions are available for NYSE (about 1,500 companies for $275 per year); ASE (about 800 companies for $275 per year); and OTC (2,200 companies for $520 per year). A special composite subscription for $275 a year provides information on 1,500 leading NYSE, ASE and OTC companies.

Stock Portfolio Reporter

Micro Investment Systems Inc.
P.O. Box 8599, Atlanta, Ga. 30306; (404) 892-3194

The program, which has a loading capacity of 200 stocks, allows users to plug into Dow Jones News/Retrieval and have access to stock prices, dividend yields, total cost and market amounts, estimated dividend income, gains and losses (both unrealized and realized), price-earnings multiples, percentage gains and losses, relative strength indexes and portfolio summary statistics.

Its Stocksort feature allows the user to rank stocks by price-earnings multiples, dividend yields, gain or loss amounts, and other items of information.

Also, it allows the classifying of stocks into groups — such as industry groups, company size, defensive versus aggressive, etc. — that best suit user's reporting needs.

The program, which lists for $279, runs on the IBM PC and XT, and the Wang PC. Mike Weston is the client contact.

t

The Technical Investor

Savant Corp.
P.O. Box 440278, Houston, Texas 77244; (713) 556-8363 and (800) 231-9900

The Technical Investor contains charting, communications and technical data base programs, and is fully integrated with the other programs in the firm's Investor Series. The data base stores a year of daily, high/low, close/volume information for 100 stocks, 40 years for two stocks or anything in between.

The charting program allows one to four plot windows, each independently controlled.

Plotting capabilities include price and volume bars, high/low, close/price lines, point and figure charts, positive/negative volume indicators, on-balance volume, moving and exponential averages, regression lines and relative strength.

The communication package updates prices automatically from Dow Jones News Retrieval or Warner Computer Systems, and can get current quotes or up to 10 years of historical data on stocks and market indexes.

The program will run on the IBM PC and COMPAQ; the list price is $395.

The client contact is Paul Langston.

V

The Value Line Convertible Evaluation System 2

Value Line Convertibles
711 Third Ave., New York, N.Y. 10017; (212) 687-3965 ext. 3296

The Value Line Convertible Evaluation System 2, introduced in 1983, taps the firm's data base to provide users with information and analysis on the convertible bonds and preferreds it evaluates.

The current market value of the 585 convertibles under review is about $40 billion.

Information includes over/under valuation, leverage profile, premium over investment value, yield advantage/disadvantage, current call price and break-even time. Users can set specific selection criteria and come up with a list of issues in hierarchical order meeting the chosen requirements.

The monthly subscription fee is $500 plus time-sharing costs. The data base is updated daily for exchange-listed securities and weekly for OTC issues.

Data can be accessed by dumb terminals and microcomputers equipped with modems. Micro users can write their own programs and analyze data. The product is marketed exclusively through Interactive Data Corp., Waltham, Mass.

The client contact is Michael H. Schwartz.

Vis/Bridge/DJ

Solutions Inc.
13 State St., Box 989, Montpelier, Vt. 05602; (802) 229-0368

Vis/Bridge/DJ, introduced in March 1983, extracts information from Dow Jones News Retrieval data base and loads it directly into a VisiCalc spreadsheet. It comes with four templates and gives the user the capability to design any template needed.

More than 250 copies have been sold. The list price is $249. The software will run on the following computers: TRS — 80 II/12/16, and Apple III. The client contact is Mary Evslin.

W

Wall Street Window

R&D Software Inc.
P.O. Box 2727, Reston, Va. 22091; (703) 476-6597

Wall Street Window, introduced in March, is an integrated program that combines sophisticated stock analysis techniques, high resolution color graphics, and spreadsheet interface using automatic communications with Dow Jones.

Charting features include high-low-close, moving averages, volume indicators, oscillators, relative strength, trend lines and relative and dollar comparisons. Portfolio management is available using templates for 1-2-3 to provide current value of holdings, total worth, long and short term gain. In addition, all data files can be converted to DIF format for interchange with database or spreadsheet programs.

It runs on the IBM PC and Compatibles. There have been 50 copies sold. List price is $395. The client contact is Pat Devine.

y

The Yield Calculator

Technical Data Corp.
45 Milk St., 4th Floor, Boston, Mass. 02109; (617) 482-3341

The Yield Calculator, introduced in 1981, calculates yields and prices on a wide variety of bonds, and interest on maturity notes, discount and interest-bearing money markets and dated bonds with odd first coupons.

Each calculation includes yield to maturity, yield to call, current yield, duration, after-tax yield, taxable-equivalent yield, and other useful information, including bond rate of return, range calculations and a money market calendar.

For the investment professional, this program is an inexpensive alternative to ordinary bond calculators.

The product version designed for use with Apple II and III lists for $275; the version designed for use with IBM PC and XT lists for $375 and has a yearly maintenance fee of $50. It will also run on IBM compatibles. The client contact is Katharine Hirsch.

Z

ZSearch

Zacks Investment Research
2 N. Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

The newly released ZSearch is a menu-driven software program for screening, portfolio pricing and monitoring and Lotus importing. It has a data base of 90 current estimate, fundamental and price items. The program includes short-term indicators such as EPS surprises, relative price, relative P/E, estimate revisions, EPS momentum, as well as standard fundamental ratios.

It also offers all the estimate data needed to find undervalued situations.

The program can run on the IBM PC and XT. The list price is $4,000 a year for monthly diskettes; $6,000 a year, biweekly; and $8,000 a year, weekly. The client contact is Leonard Zacks.

Experts agree on larger role for private pension system

WASHINGTON — The role of the private pension system in the provision of retirement benefits will increase in the next two decades while that of Social Security will decline, a group of experts agrees.

The pension professionals were speaking at a conference last month that marked the 10th anniversary of Congress' passage of the Employee Retirement Income Security Act.

Michael Romig, director of human resources and employee benefits at the U.S. Chamber of Commerce, said Social Security will continue to be the major provider of retirement income for most workers.

For many, the private pension system will come to match Social Security and individual retirement accounts, he said, and personal savings will become an important source.

Thomas Woodruff, executive director of the Commission on College Retirement and former executive director of the President's Commission on Pension Policy, agreed with Mr. Romig that the private pension system will increase in importance.

"The problem I have is that the distribution of those (retirement) benefits will change. I see post-retirement income becoming more unequal as Social Security retreats."

Mr. Romig told the conference ERISA had been a tremendous success.

Many people expected an ERISA II soon after the law's passage, he said, "but ERISA II never came."

The pre-ERISA abuses no longer exist, he said.

"Participation rates are up. Vesting rates are up. Covered rates are up. Funding status is up. Pension fund retirees are up and so are pension benefits paid."

Despite this success, Mr. Romig said, there are many people with agendas for the future.

"If we are going to have a new agenda for ERISA, let us recognize the success of ERISA," he said.

However, Mr. Woodruff did not agree with Mr. Romig's rosy picture of the post-ERISA private pension system. Mr. Woodruff said that the rate of participation in private pension plans had declined since 1979.

In addition, Mr. Woodruff noted ERISA and subsequent tax policy had encouraged individual plans, sometimes in competition with group plans.

"Similarly, the growth of salary reduction plans may have further eroded the desire of employers to establish pension plans," Mr. Woodruff said.

He called for a number of legislative actions to improve the nation's non-federal retirement systems. Those possible actions include:

- Extending ERISA's provisions to public employee plans.
- Reforming the termination insurance program to a risk or exposure premium.
- Redefining the term of excess assets by including adjustments for inflation or wage increases for employees after the pension plan is terminated.

Mr. Woodruff also said changes in vesting, integration and portability should be considered. Vesting should be earlier, he said; a portability clearinghouse could be established; and the rules governing the integration of Social Security and private pension benefits should be simplified and made more equitable.

He also urged the establishment of a minimum benefit standard for ERISA, and minimum accrual rates in defined benefit plans so young employees in their early working years would have some money accruing to them.

Mr. Woodruff said Congress should seriously consider some universal minimum pension system, first on a voluntary basis, but with a five-year trigger so that if the voluntary approach did not work, a minimum mandated system would be put into place.

To encourage a voluntary system, Mr. Woodruff said he would change the tax incentives.

He said he would make the tax deduction for pension expenses a tax credit approach to encourage employers of low-income workers and small companies to establish plans.

At the moment, the government is not encouraging the growth of the private pension system, according to Robert D. Paul, vice chairman of Martin E. Segal Co.

"Coverage won't increase unless we can convince employers that there is a stable tax policy supporting the private pension system," Mr. Paul said. "What is the goal of the federal government? It used to be to encourage private retirement income.

"Do we want to provide all of our retirement income from Social Security? From employment related pensions? Or from individual savings?

"No one argues we shouldn't examine inequities, but we should have an overall framework." ■

Abuses of soft dollars to be studied

By Joel Chernoff

WASHINGTON — The Securities and Exchange Commission and the Department of Labor are scrutinizing the use of soft dollars by pension funds and their investment managers, aiming to crack down on illegal practices and provide guidance to the pension community.

"It may turn out that, if anything, the abuses are on the fringes," said Mort Klevan, the Labor Department's deputy pension administrator. "Or it may turn out that the industry is ignorant of the law."

"The feedback we've been getting is that people would like guidance," stated Richard Wessel, associate director of the SEC's division of market regulation.

"We're concerned that the industry appears to be growing by leaps and bounds. There are a lot of differences on where the lines should be drawn."

Soft dollars are generated by directing a portion of trades through specific brokers, who then use a percentage of the brokerage dollars to pay for research, administrative costs or other items for money managers and pension plan sponsors. For example, for every dollar in commissions, 50 cents might be rebated in services.

The system stems from the pre-May Day 1975 era of fixed brokerage commissions, when commission dollars were fat. Some experts believe there still is too much fat in commissions, even though they are lower than they were 10 years ago. It is this belief that encourages rebates.

Soft dollars are "an anachronism," said Evan Schulman, vice president of Batterymarch Financial Management, Boston, which stopped using soft dollars a year after fixed commissions were phased out. "Soft dollars should have gone the way of the dinosaur," he said.

Traditionally, money managers have received research paid for in soft dollars, but the recent surge in the growth of service providers who accept soft-dollar payments and the rising dollar volume of brokerage commissions have led plan sponsors to seek a piece of the soft-dollar pie.

Pension fund executives have been directing trades so soft dollars pay, primarily, for fees for master trustees and performance evaluation consultants.

The two government agencies are raising separate, but overlapping, concerns about how soft dollars are being used. The big question underlying both agencies' concerns is whether pension funds are getting "best execution" of their trades.

Brokers used for trading because

Continued on page 70

Pensions & Investment Age

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Bonds draw $600 million in Alabama

By Joel Chernoff and Barry B. Burr

MONTGOMERY, Ala. — The Retirement Systems of Alabama, apparently catching interest rates at their high-water mark, poured $600 million into debt instruments last June.

The $4 billion fund, which is 98% invested in fixed-income and mortgage vehicles, invested the assets in a wide array of debt instruments, including private placements, mortgage-backed securities, zero-coupon Treasuries and public bond issues.

"What we did was generally to put dollars into anything that was available in a three-week period of time," explained David Bronner, secretary-treasurer for the internally managed fund.

"It was a combination of trying to buy what was available, being satisfied with interest rates and staying toward higher-quality merchandise," he added. The bonds were at least A rated, and some enjoyed triple-A ratings.

In retrospect, the fund caught interest rates at their peak, with yields of 14% to 15%, he noted. "We got lucky because we picked the right week or two," he said.

During last fall and early winter, the fund had avoided the bond market in anticipation of rising interest rates, Mr. Bronner said. The $600 million in assets were invested in cash equivalents; the assets represent three-quarters of the fund's investments made in the first nine months of 1984.

"Since the beginning of the year, we were prepared for some kind of spike after the election, but it came before," he observed.

Mr. Bronner cited a recent Paine Webber Mitchell Hutchins Inc. report that justified what he has felt all along. The study found stocks have only a 1% chance of beating

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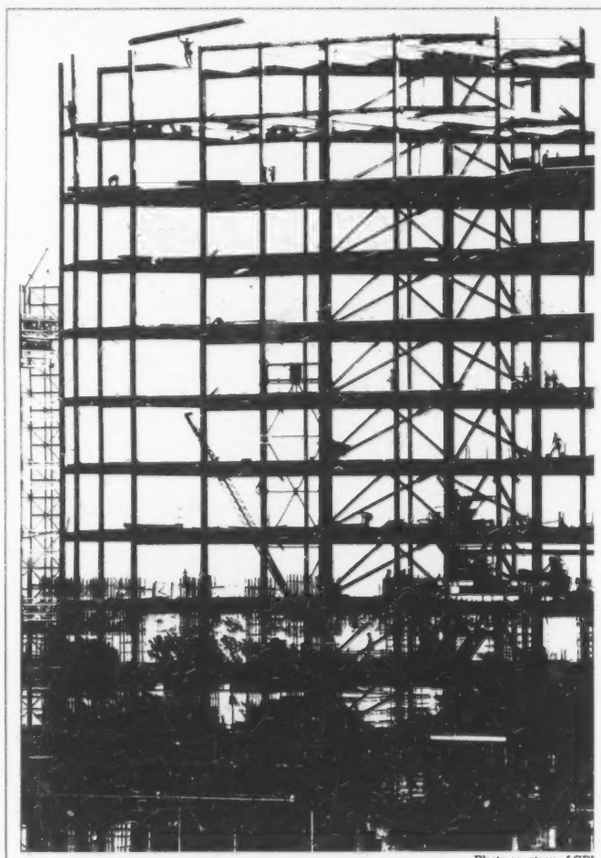

Photo courtesy of CPI

US WEST, through AT&T's TREET fund, owns a stake in this building under construction, the Southeast Financial Center in Miami.

US WEST sets realty strategy

By Mark Westerbeck

DENVER — US WEST Inc. is the first pension fund of the new Bell operating companies to surface with a formalized real estate investment strategy and to have selected its own advisers.

As one of the new phone companies, US WEST automatically became one of the eight pension-fund investors in the $4 billion fund formed to hold "old" American Telephone & Telegraph Co.'s equity real estate assets (*Pensions & Investment Age*, March 19).

For the time being, US WEST has decided to use its yet-undetermined share of the fund, Telephone Real Estate Equity Trust, as its core commingled fund-type holding, striking out on its own from there.

US WEST hired TCW Realty Advisors and Jones Lang Wootton Realty Advisors to manage direct separate accounts of $100 million each. Putting $200 million into direct accounts could bring US WEST quickly up to its self-designed speed.

Steve Crosby, manager of trust investments, said US WEST's strategy is to put roughly 10% of its total assets into real estate.

Actuaries still are trying to determine US WEST's stake of what was AT&T's pension fund, which held $61.2 billion in assets before the court-ordered breakup last January. Mr. Crosby said the actuaries' tentative estimate puts US WEST's share between $4 billion and $5 billion.

The new phone company pension funds also were given an initial unit value they have in TREET, which Mr. Crosby would not reveal. TREET has been valued at $4 billion; based on the early actuarial estimates, US WEST's share could run in the neighborhood of $250 million to $325 million.

Real estate

Mr. Crosby pointed out the amount of assets "grows all the time," and the commitments to TCW and Jones Lang don't necessarily have a $100 million ceiling.

US WEST plans to split its real estate allocation evenly between commingled funds and direct accounts. The separate account money will be evenly split into two different styles.

TCW will focus on equity investments within the 14-state Rocky Mountain region US WEST covers. Jones Lang Wootton will have the whole nation to seek development deals and "special situations."

Continued on page 69

Eight plans cast eyes overseas

Interest in international rides high

By Rose Darby

At least eight more pension funds either hired foreign investment managers or are moving toward doing so, continuing the international momentum of the summer.

Specifically, three funds — Eastman Kodak Co., United Airlines and General Electric Co. — have added to their slates of international managers. Two more — Arizona Public Service Co. and Dillingham Corp. — hired their first foreign managers, and three others — Squibb Corp., Intel Corp. and a large Midwestern commodities company — are preparing to launch searches.

These moves suggest investment on foreign shores maintains its allure as an option for pension funds looking for value outside the lagging domestic markets.

The case for hiring its first inter-

Continued on page 72

Late news

Ferraro bill delayed

WASHINGTON — Introduction of Democratic vice presidential candidate Geraldine Ferraro's bill to toughen vesting, integration and portability rules for private pension plans has been delayed until next year.

Missouri Democrat William Clay, chairman of the House labor-management relations subcommittee, will pursue the bill next year, Rep. Ferraro, of New York, said in a

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Photos by Kristina M. Schramm

The Chicago Transit Authority fund is rerouting almost $400 million.

Transit fund realigns, adds equity managers

By Barry B. Burr

CHICAGO — The Chicago Transit Authority pension fund restructured its equity investments, shifting almost $400 million of its $568 million fund and taking a more conservative posture in the stock market.

In the restructuring, the fund added five equity managers and dismissed one, said Paul J. Kole, the CTA's general finance manager, who also oversees the pension fund.

In addition, it retained four others, reducing the commitment to all but one of them.

The fund is pursuing a more conservative investment strategy, stressing dividend income over stock appreciation, said James Mullen, manager of finance and investments.

As a result, it lowered its equity allocation in two growth-oriented categories and raised the allocation in two income-oriented categories. In a growth category, the fund lowered its allocation to 25% of equity investments from 40%. In capital appreciation, it cut the allocation to 15% from 28%.

At the other end, in a combination growth and income category, the fund raised its allocation to 20% from 17%. In the income category, it increased its allocation to 40% from 15%.

Despite the more conservative approach, the fund increased its commitment to equities to its targeted 70% of assets from about 65%. Plus, it increased the number of its equity managers, to nine from five.

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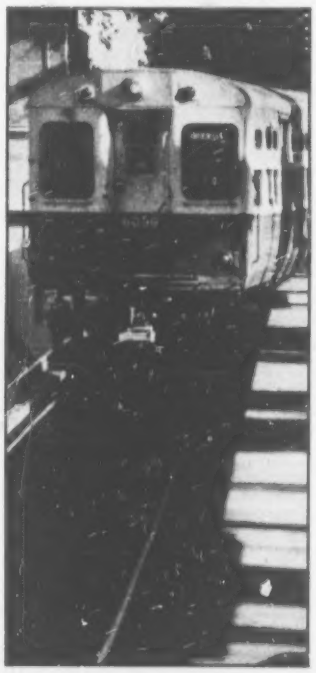

New fund draws total of $29.6 million

Michigan boosts venture cap

By Kimberly Blanton

MIDLAND, Mich. — The Michigan State Employees Retirement System and numerous corporations have invested almost $30 million in MBW Venture Partners, a high-technology venture capital partnership.

The Michigan pension system supplied $4.2 million of the $29.6 million MBW Venture Partners has collected so far, and the $9 billion fund has promised another $6.2 million on which MBW can draw later, said Paul Rice, Michigan's assistant administrator.

Michigan has made the largest investment by far, but numerous institutional investors have provided between $1 million and $2 million each. Other limited partners include the pension funds of Corning Glass Works, Cleveland-Cliffs Iron Co., Allen-Bradley Co., and Warner-Lambert Co., and one endowment, Lehigh University.

Three of the general partners of MBW, Philip McCarthy, Ian Bund and James Weersing, hope to attract more investors and close their fund at $50 million by year-end.

Owens-Corning Fiberglas Corp. invested corporate — not pension — assets to gain access to the technology of companies MBW will finance.

In an unusual move, one of the corporate pension investors, which did not want to be singled out, also chose MBW for that reason.

Insurance company and bank venture capital groups provided the remaining capital: State Mutual of America, First Interstate Equity Corp., National Bank of Detroit Equity Corp. and Mutual Benefit Life Insurance Co.

MBW Venture Partners will invest in high-technology companies in life sciences, industrial automation, semiconductors, computer hardware and software and communications, Mr. Bund said.

The partnership will have few geographical limitations on its investments. The people who set up MBW Venture Partners also were involved in an earlier venture capital fund, the Michigan Investment Fund, which invested solely inside the state.

MBW Venture Partners will be invested nationwide, although Mr. Weersing said the investments might tend to be centered in the areas where the principals are located. Mr. Weering is in Los Altos, Calif., Mr. Bund in Midland, Mich., and Mr. McCarthy in Chatham, N.J.

However, Mr. Rice of the Michigan pension fund believes MBW might attract some money to Michigan. Because the partnership's operation is based in Michigan, "We'll have to assume we'll be seeing more projects inside Michigan," he said.

MBW Venture Partners is starting at a time when high-technology companies, many of which went public in 1983, are faltering, but it

Continued on page 74

Curbs asked on N.J. fund

By Rose Darby

TRENTON, N.J. — The New Jersey Legislature is considering two bills — hotly contested but likely to pass — that could require the $10.5 billion state pension system to divest up to 95% of its current holdings.

A provision of one of the bills would require the system to invest exclusively in New Jersey companies, according to state officials.

The second bill calls for divestiture of companies doing business with South Africa. If passed, the bills could result in a loss of up to $1 billion for the fund because up to 95% of the state's portfolio would have to be liquidated, said Roland Machold, director of the New Jersey Division of Investment.

Proponents of the measures believe the bills could result in improved investment returns on state pension funds. Current returns are mediocre, they claim.

Bill 1308, sponsored by Alan Karcher, speaker and majority leader of the New Jersey General Assembly, contains provisions mandating all pension fund and state-managed investments fulfill at least one of seven principles:

Continued on page 69

Late news

Continued from page 1

floor statement.

Sen. Edward M. Kennedy, D-Mass., is leading action in the Senate.

The bill would require pension plans that are integrated with Social Security to provide minimum benefits above the level of Social Security, according to Rep. Ferraro.

It also would change the minimum vesting standard to five years from 10, except for multiemployer plans where participants could switch regional plans within the same industry.

Also, the bill would allow a participant with a vested benefit of $7,000 or less to roll it over into a special account.

Exxon sells zeros

NEW YORK — Exxon Corp., through its subsidiary Exxon Capital Corp., sold $200 million of guaranteed zero-coupon notes last week at a price to yield of 11.64% (*see related story on page 35*).

The entire issue of 20-year securities was sold to Merrill Lynch International & Co.

Merrill Lynch was one of 19 investment houses to submit 52 bids for the issue in a dutch auction that closed Oct. 9.

Bids to go private fail

CHICAGO — More than 25% of attempts to take companies private in the first half of 1984 were aborted, according to W. T. Grimm & Co., merger consultants.

The firm said 52 companies announced their intention to go private in transactions worth $20.9 billion in the first half of the year.

However, 15 of the deals, worth $15.2 billion, have collapsed. But even excluding these deals, the 37 successful transactions recorded in the first half were more than the 36 transactions recorded in all of 1983.

The four largest deals that fell through were Kohlberg, Kravis & Roberts' attempt to buy out Esmark; the Diamond Land Group's effort to buy out the Continental Group; and two efforts to take over City Investing, one by Victor Posner and another by a private group.

TIAA-CREF benefits

WASHINGTON — The Teachers Insurance and Annuity Association-College Retirement Equities Fund will rejuggle retirement benefits for some of the participants in its annuity programs, following the U.S. Supreme Court's decision not to review a case involving the two funds.

The 2nd U.S. Circuit Court of Appeals ruled earlier this year that benefits must be sex-neutral for TIAA-CREF participants retiring after May 1, 1980.

TIAA-CREF had asked the Supreme Court to apply the Aug. 1, 1983, effective date of its Norris v. Arizona Governing Committee decision (*see related story on page 28*).

Most affected are participants who have retired since May 1, 1980, and chose single-life payment options.

In those cases, men will receive reduced benefits while those for women will be beefed up.

Also, the portion of the 760,000 active participants who select single-life options will have their benefits refigured for contributions made before Aug. 1, 1983, subject to court approval, according to TIAA-CREF.

There will be little or no effect on those who chose joint payment options or retired before May 1, 1980.

Wertheim appoints

NEW YORK — Wertheim Asset Management Services Inc. has made Ernest N. Mysogland Jr., president, and Steven W. Golann, senior vice president, managing directors of Wertheim-Philippe International.

Wertheim-Philippe is a joint venture between Wertheim Asset Management, in New York, and The Philippe Group, in Paris.

Criterion hires Press

HOUSTON — Thomas J. Press has joined Criterion Group as vice president and general counsel. Mr. Press will be responsible for general corporate legal affairs as well as legal matters pertaining to the investment advisory, venture capital and mutual fund activities of the firm.

Prior to joining Criterion, Mr. Press was a vice president and associate general counsel of Prudential-Bache Securities Inc., New York, and was responsible for regulatory matters involving the Securities and Exchange Commission and state securities' commissions.

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Endowments & foundations

Trustees act to 'attack' inflation

Performance numbers up

By Mark Westerbeck

NEW YORK — The investment performance of endowments and foundations has improved dramatically in the past five years, according to a consultant who tracks the institutions.

The most important factor in the investment performance of foundations and endowments is that their trustees have caught on to what it takes for performance to "trend upward," according to John K. Goodrich, president of Colonial Consulting Corp., a firm specializing in assisting endowments and foundations.

This education came at their expense during the recession of 1973-'74, during which time the funds "lost their shirts" and never have really come all the way back, he said.

"They eradicated the corpus by 25% to 30%," said Mr. Goodrich.

Then managed largely by banks, the foundations and endowments decided they had to become broader in their selection of professional investment managers.

"They recognized the volatility of the monetary environments we all live in," Mr. Goodrich said. "They all believed inflation to be the enemy, and they made the decision to attack the enemy. I think they're going to make it."

Mr. Goodrich has developed risk and return charts, based on the standard deviation of endowments' and foundations' quarterly returns, that show their performance has improved drastically during the past five years.

For returns during the five-year period, these funds were taking less risk than if they had invested completely in a Standard & Poor's 500 index fund, and were getting lower returns than the S&P 500.

For the past three years, however, the funds were more evenly balanced between those outperforming and underperforming the S&P, even though their risk still tended to be less than the market measure.

"This says the money management is getting better," said Mr. Goodrich. "The ability to take reasonable risk and get a higher rate of return is important. More funds are taking less or comparable risk but are taking a higher rate of return."

Using return information supplied by 78 funds holding total assets worth $7.7 billion, Mr. Goodrich has formed the Colonial Consulting Endowment and Foundation Data Base/Index.

Broken apart, the fund classes both show the depths to which they have sunk and how far they have come back. Both indexes start at 100 with the fourth quarter 1971.

• The index for endowments, which are more concerned with current yield in their stocks because of pressure for cash flow, hit its low point, 79.9, at the third quarter 1974. It experienced a steady climb since, with occasional backsliding, reaching its high point of 258 at the second quarter 1983, and stood at 243.99 at the last reporting period, second quarter 1984.

For the past year, performance was down 5.4%, worse than the S&P 500, which dropped 4.7%, and a compilation of pooled bond funds run by banks, down 0.6%. But it was better than the Salomon Brothers bond index, off 6.3%, and pooled bank equity funds, down 5.9%.

For three years, endowments have returned 11% compounded annually; for five years, 11.8% compounded annually.

Endowments, up 7.4% annually in the nearly 13 years of the index, outdid all the other measures except the S&P 500, up 8%.

• The index for foundations, which have taken a more conservative investment stance, reflects similar, although slightly lesser, performance.

Its low point also was the third quarter 1974, at 77.45. It had a slightly different high-water mark — 247.05 at year-end 1983 — and had dropped to 233.75 at the second quarter of this year.

Foundations had the same poor performance as endowments for the past year, down 5.4%. At 10.7% for three years, foundations matched the S&P 500 but had decidedly less than the Salomon Brothers bond index, 13.1%. They were the same as endowments for five years, 11.8%.

Since the inception of the Colonial index 13 years ago, foundations have experienced a 7% annualized return.

Big jumps during 1983 in the Colonial indexes reflect what the National Association of College and University Business Officers also found for its Comparative Performance Study, which tracks 172 endowment pools representing $10.9 billion in assets.

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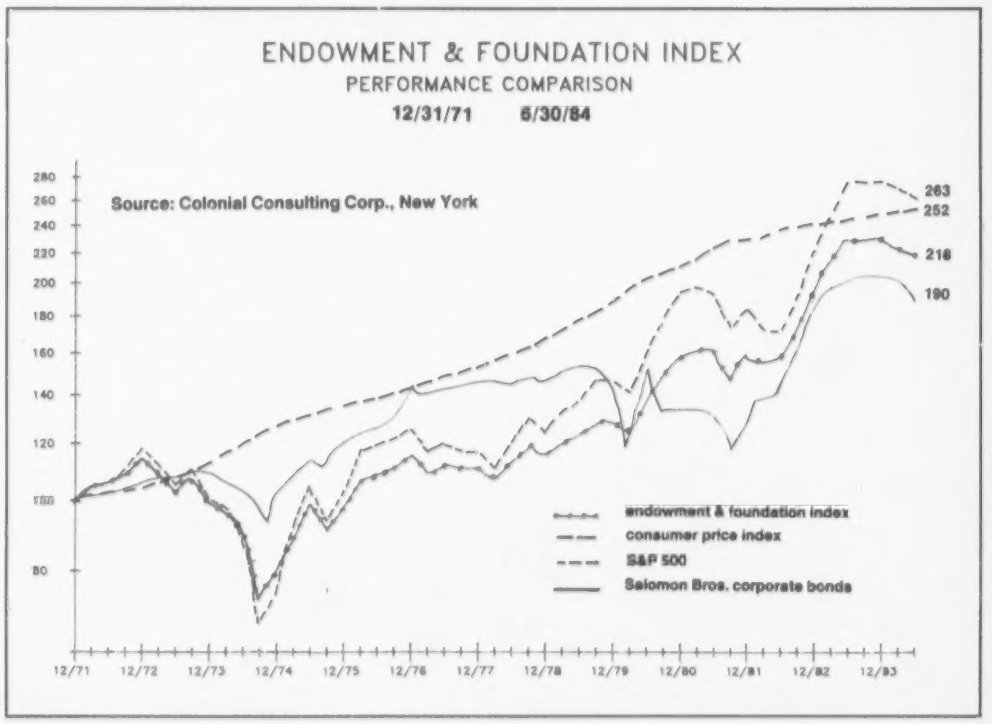

University	Tax-exempt assets millions
Harvard University, Boston	$2,451.0
University of Texas System, Austin, Texas	2,329.0
Princeton University, Princeton, N.J.	1,281.0
Yale University, New Haven, Conn.	1,089.0
Columbia University, New York	869.8
Stanford University, Palo Alto, Calif.	861.5
Mass. Institute of Technology, Cambridge, Mass.	673.5
University of Chicago, Chicago	539.0
Northwestern University, Evanston, Ill.	490.0
Rice University, Houston	488.8

Source: National Association of College and University Business Officers, from 1983 comparative performance study and investment questionnaire

Schools divided on international

By Rose Darby

NEW YORK — The prospect of investing internationally has college and university endowment funds divided, according to numerous treasurers and investment officers interviewed by *Pensions & Investment Age*.

One end of the spectrum includes schools that view international investment as an opportunity for diversification and income appreciation. In their view, the current climate of overseas markets poses an opportunity to buy in at bargain prices.

Such schools include Harvard University, Columbia University, the University of Notre Dame, the University of California and the University of Southern California.

At the other end are the schools shunning anything but U.S. investments. These include Carnegie-Mellon University, Northwestern University, Washington University in St. Louis, University of Pittsburgh and the University of Chicago.

The $2.6 billion Harvard University Endowment Fund just made the plunge to international by hir-

Continued on page 24

Fund plans venture cap move

By Marci Baker

NEW YORK — The Rockefeller Foundation, which entered the equity real estate and international waters earlier this year, is now looking into venture capital investing and could make its first commitment to the area by year-end.

Jack Meyer, treasurer and chief investment officer, said the move would be a continuation of a diversification drive geared toward increasing investment returns and reducing the overall volatility.

Since 1973, the fund's bond investments have turned in numbers close to the Shearson-Lehman Government/Corporate bond index, while its much larger commitment to stocks performed "slightly better than the Standard & Poor's 500," said Mr. Meyer.

"That's certainly adequate considering that stock investing is a negative sum game," he said.

However, the chief investment officer, who joined Rockefeller the first part of last year, intimated adequate is not quite good enough for the foundation. Rockefeller, like other foundations, must pay out 5% of its assets each year.

Indeed, despite market returns, the fund has grown little in real dollar terms since it was established in 1912. While the foundation's assets have mushroomed to $1.1 billion from $38.7 million in 1913, it is only at the $104.7 million mark when adjusted for inflation.

Although foundation assets totaled $968 million in 1972, it took eight years before it hit the $1 billion mark. At the same time, the fund in real dollar terms slipped to $104.7 million in value last year from $211.8 million in value in 1972.

Given its payout needs, Mr. Meyer said a more suitable annual investment return would be one exceeding inflation by 5% to 5½%. That's what the foundation is hoping to achieve through the diversified portfolio mix it is building.

"Overall, this foundation has to be more aggressive than pension funds because of the (payout requirements) we must meet," Mr. Meyer said. That means maintaining its traditionally high commitment to stocks and moving into alternatives that can promise more lucrative returns as well as help offset volatility.

Specifically, the foundation is looking to have 60% in domestic stocks, 10% in international equities, 10% in equity real estate, 10% in bonds, 5% in venture capital and the remaining 5% in cash in the next 1½ years.

Although the mix might vary depending on market conditions, Mr. Meyer said, "We think this is the most efficient mix for our needs." It also is one that gives the fund broad representation in virtually all asset classes, he said.

The Rockefeller Foundation took strides toward its new mix this year by stepping into the equity real estate and international arenas.

It gave $26 million to CIGNA Corp. to invest in the insurer's broadly diversified closed-end equity pool, Fund S. Another $46 million was split between two international stock managers — Morgan Grenfell Investment Services Ltd., New York, which received $28 million, and Compagnie de Banque et d'Investissement, Geneva, whose $18 million account represented its first U.S. tax-exempt client.

In moving into real estate and international investments, Rockefeller also established its first incentive fee arrangements. CIGNA has an equity interest in its Fund S. Mr. Meyer said plus [illegible] gets a percentage of [illegible] ongoing management fee [illegible] a percentage of the realized profits once the fund is terminated. CBI will be paid an incentive fee based on performance exceeding Capital International's Europe, Australia, Far East index.

"I'm a strong advocate of incentive fees for all managers," Mr. Meyer asserted. "A manager is more inclined to go out and nickel and dime for the best deal when he's got a stake in the (appreciation of his account)." Rockefeller's ultimate commitment with venture capitalists likely will be incentive-fee oriented because most partnerships receive a portion of realized profits, Mr. Meyer said.

Continued on page 21

LARGEST INDEPENDENT FOUNDATIONS BY ASSETS

Name	Assets	Total Giving	Fiscal Date
Ford Foundation	$3,529,188,000	$103,978,388	9/30/83
Johnson (The Robert Wood) Foundation	1,238,203,255	54,858,519	12/31/83
Rockefeller Foundation	1,119,363,698	36,802,186	12/31/83
Kellogg (W. K.) Foundation	1,052,493,408	54,647,164	8/31/83
MacArthur (John D. and Catherine T.) Foundation	990,326,359	22,283,124	12/31/82
Mellon (The Andrew W.) Foundation	935,399,569	59,258,753	12/31/82
Pew Memorial Trust	908,994,894	57,474,993	12/31/82
Kresge Foundation	792,086,846	24,720,000	12/31/83
Lilly Endowment, Inc.	774,746,001	44,145,000	12/31/83
Hewlett (The William and Flora) Foundation	576,604,594	23,895,915	12/31/83

Source: *Supplement to The Foundation Directory, Edition 9* (The Foundation Center, 1984).

Independent foundations account for about 80% of the total number of grantmaking foundations, and award about 75% of the foundation grant dollars.

Schools . . .

Continued from page 13

ing its first international manager, Grantham, Mayo, Van Otterloo in Boston, to run $25 million in foreign equities, said Walter M. Cabot, president of the endowment.

"Obviously $25 million isn't much of a start for a portfolio of our size," he said. "At the right place, at the right time, I hope we would be adding to that."

At Columbia University, Schroder Capital Management International, New York, has been doing foreign investment for the $300 million endowment fund for more than two years, said John H. Marchesi Jr., director of investments.

The school recently added $5 million to its existing $5 million investment. The new amount, plus portfolio appreciation, brings the total in foreign equities to $13 million, Mr. Marchesi said.

" 'The question now becomes, 'Should we put more money overseas?' " he said. "It's tough to call right now."

Many smaller endowment funds have been investing through the international pooled fund managed by The Common Fund, in Fairfield, Conn.

Its growth offers a good yardstick by which the enthusiasm of schools for international can be measured. The commingled international fund has grown to $130 million in little more than a year of existence, said George Keane, president.

The pooled fund recently received a new investment of $2 million from the University of Notre Dame, the school's first foreign commitment, said the Rev. Richard Zang, investment officer.

While it hasn't been finalized yet, it is believed the $250 million Notre Dame endowment fund likely will target 5% to 10% to international investment, he said.

The University of California contributed $2 million to the Common Fund's international portfolio, bringing the $500 million endowment fund's foreign investment to $5 million, said Patricia Small, assistant treasurer.

Also on the hot end of the investment spectrum is the $225 million endowment fund of the University of Southern California. "We've been contemplating adding to our investment in the Common Fund, between now and December," said Lyn Hutton, treasurer.

"This is partly because international markets have gotten beaten up fairly substantially. We're looking at it now from almost a contrarian point of view, that now might be the time to buy."

Among those taking the opposing view, some are shying away from foreign investment because of fear that overseas stocks have overblown price-earnings ratios.

"At the moment, we believe the domestic market is more attractive, so we're almost entirely invested domestically," said a spokesman for the $560 million total endowment fund at Northwestern University.

"If domestic companies' P/E ratios get as high as those of Japanese companies, and the Japanese companies' P/Es declined to where they are here, then we'd be likely to reverse out position."

Jerry Woodham, treasurer of Washington University in St. Louis, said, "In looking at the broad indexes, it's not clear that higher performance is there."

The only two reasons to be in international are to dampen volatility and to pick up higher performance, Mr. Woodham said. "And with the percent of money we'd invest, which is no more than 5% or 10% of our equity exposure, the decrease in volatility wouldn't come to enough," he added.

There are $300 million in U.S. equities in Washington University's fund, he said.

Then there are the schools whose officials doubt they have enough expertise to invest overseas advantageously.

"The international field necessitates a particular knowledge of currencies, and we don't have the expertise," said Mary Petrie, treasurer for the $550 million total University of Chicago endowment fund. "We have no present intention of entering that market because there are tremendous opportunities here, which we can watch more closely and carefully."

The middle of the spectrum is occupied by schools with existing international managers or shares in the international fund, but with full commitments that won't be increased in the near future.

That group includes the endowment funds of Stanford University, Yale University, Duke University and Cornell University.

Stanford and Yale have 10% of the equity portion of their endowment funds in international investment. While both schools are thought of as leaders in the move toward international investment, the present holds no lure for further commitments.

Yale's endowment fund invests internationally through Rowe Price-Fleming International Inc., Baltimore, and State Street Bank & Trust, Boston. Stanford invests overseas through G.T. Capital Management, San Francisco, and Rowe Price-Fleming International.

Cornell's roughly $400 million endowment fund employs Schroder Capital to invest about $12 million for it internationally; Duke's $200 million endowment fund has $2 million to $3 million in foreign equities, managed by Rowe-Price Fleming. ■

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Beacon Capital Management

Performance figures . . .

Continued from page 13

For the year ended June 1983, these pools, with an average of 57% in equities, returned 42.2%.

The association's longer term evaluations were brighter than Colonial's. Annualized three-year returns were 16.7% compounded annually; five years, 14.6%; and 10 years, 9%. The 10-year return, helped significantly by the one-year performance for equities through June 1983, kept pace with inflation as measured by the Consumer Price Index, which was 8.4% during that time.

Prior to that last year, endowment returns had lagged inflation, the association reported. "However, since most institutions have been spending approximately 5% to 6% annually of their total return to help meet operating expenses, the real growth in endowments has not kept pace with inflation," was the association's official position. "In real terms, endowment purchasing power is far below that of a decade ago."

Mr. Goodrich pointed out the numbers in his endowment index are slightly better than those in the one for foundations because endowment trustees reacted to their mandate to constantly turn out support capital.

"Faced with inflation right up front, they got smarter quicker," he said. "As a practical matter, (foundations and endowments) persevered. "Like the British, 'Into the valley of death rode the 10,000.' They had to pay the schools, they had to support the symphonies. It got done. They weathered the storm. They're coming back, and they're coming back well."

Changes in investment philosophy made during the time of the Colonial index were sparked by poor past performance and trustee boards that became more homogenous and enlightened in their investment views.

Tackling the issues — "How much money do we have to spin off, how much do we need to keep this going" — the boards made "hard and reasoned decisions," devised objectives to achieve steady growth and hired new managers, said Mr. Goodrich.

"In 1974, they (endowments and foundations) must have sold stocks or held the wrong ones," he said. "In 1979, the change took place. They started to track the S&P; they learned; they stopped losing money in down markets. They realized they can't do what they did in 1974 and survive."

Stock holdings at the second quarter of 1984 found endowments 51% invested in equities and foundations, 72%.

"The endowments are allocating their assets more freely than foundations, indicating a more progressive approach to management. They're getting more risk averse," Mr. Goodrich said.

Foundations and endowments have pressures that retirement plans don't face. The Department of Labor stipulates corporations must fund their pension plans; the foundations and endowments have to go find their contributions and be self-perpetuating.

In addition, foundations must pay out 5% of their assets each year, according to Internal Revenue Service regulations.

"The bogy has been inflation," said Mr. Goodrich. "If you strip off all the income from these things and you leave the corpus where you've found it in absolute real terms, you've lost the game. The predispositon of the foundations and endowments was to strip off the income. The issue is to spin off the income and not let the corpus shrink. It's a double-edged sword. If your corpus doesn't continue to grow, you can't afford to give off income."

The funds lived fine on bonds until the Ford Foundation issued a book in the early 1970s, "Funds for the Future," that professed the real rate of return to be found in stock investment. The funds acted, just in time to "get hammered" beginning in 1973, Mr. Goodrich said. ■

Mutual funds made option

AUSTIN, Texas — The Optional Retirement Program of the University of Texas System has started offering mutual funds as an investment choice, according to university officials.

Claude Hempel, personnel director, said the Fidelity Investments' family mutual funds are being made available for the first time to eligible employees at the system's 14 campuses. Fidelity "was the first to satisfy all our requirements," he said.

The Optional Retirement Program, a defined contribution plan, is available to faculty, librarians and non-classified employees. Certain university system employees may elect to participate in the Teacher Retirement System of Texas, a defined benefit plan for state public school teachers.

Texas was the first state to approve legislation creating an optional retirement program offering higher-education faculty a choice to opt out of the teacher retirement system in favor of another plan, according to W. Humphrey Bogart, president of the Dallas-based subsidiary Fidelity Investments Southwest.

"Previously, the ORP allowed participating employees to choose their investment options only from insurance companies," Mr. Bogart said. "But in 1981, the Texas Legislature passed legislation that permitted the use of mutual funds as a retirement option if approved by the university."

When the program was introduced in 1968, more than 70% of the state's eligible faculty switched to the program, said Mr. Bogart.

He said the mutual fund program being offered at the University of Texas falls under section 403(b)(7) of the Internal Revenue Code. ■

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Price drop-off follows record year of IPOs

By Kimberly Blanton

The stock prices of well more than half the largest companies that went to the public market for the first time in 1983 have dropped.

Stock prices have fallen off in 81 of the 136 companies that held an initial public offering in 1983 at $15 per share or more, according to data from IDD Information Services Inc.

However, the often-repeated excesses in 1983's initial public offerings of high-technology companies are not the entire story.

Thirty-two of the 52 high-technology companies with offering prices of more than $15 per share have been battered in the stock market since they were first issued last year. But the prices of 49 of the 84 companies that could not be called "high-tech" also have declined.

The IDD data tallies the average percentage change in price of companies between their initial public offering in 1983 and Sept. 30, 1984. All companies in the study had an initial offer price of $15 per share or more. It excludes companies that no longer are trading because they have failed or have been acquired.

Nevertheless, in the disappointing stock market that followed last year's record number of initial public offerings, several industries can be read in hindsight as having been fit for a public offering — and not offered just because the market would take anything.

The stock prices of companies in health care and service industries have risen on average.

But success is mixed. The much-publicized problems in high-technology have diverted attention from other sluggish companies in manufacturing and retail.

Underwriters, and not just their issuing clients, were caught up in the raging stock market of 1983. A look at after-offering stock price performance reveals the firms whose clients had the most success.

Hambrecht & Quist Inc., a veteran in bringing high-technology companies public, has had success with some of its IPOs in that industry. But many major Wall Street and smaller regional investment bankers shared in underwriting weak issues.

Two high-technology companies — Automatix and Information Resources — that Hambrecht & Quist brought to market in 1983 have run up 42.85% on average since their offerings, according to data taken from statistics supplied by IDD Information Services.

One of Hambrecht & Quist's success stories was the initial offering of Information Resources, a market researcher for consumer products. Its price rose 130.43% between its offering on March 4, 1983 and the end of September 1984; the Dow Jones Industrial Average rose only 5.76% in the same period.

Donald Rydberg, treasurer, implied Information Resources' stock might have been issued low. It went public at $22 per share and closed at $41 on the first day of trading.

Although the Chicago company is classified as high-technology, Mr. Rydberg suggested its success lay in its business of providing a service and not a product.

In making a product, "competition can kill you," he said. Also, producers have "the additional problem with trying to project supply and demand of inventories. They can get overleveraged and overextended in the way they recognize sales," he said.

The average price of the 21 manufacturing companies that went public in 1983 traced by IDD through September 1984, dropped 12.36%.

The technology companies lead managed by the other three investment banking firms known as technology specialists watched their clients' stock prices drop on average.

Two technology companies, Smith Laboratories and Gigatronics, brought to market by Robertson, Colman & Stephens, dropped an average 29.64%.

The stock prices of four of Alex. Brown & Sons Inc.'s underwritings dropped a moderate 10.06% on average. L.F. Rothschild, Unterberg, Towbin brought seven such companies to market in 1983, and has seen their prices drop an average 30.12%.

"I don't think the big (underwriters) have had a hell of a lot more success than the small companies," asserted Jules Marx, managing director, Whale Securities Corp.

The statistics bear him out. J.C. Bradford & Co. brought three high-technology companies to market at $15 or more per share, and their prices rose an average 18.27%. William Blair & Co. brought one company to market, and its price rose 15.83%; Kidder, Peabody & Co. Inc.'s two companies rose 12.5%, and E.F. Hutton & Co. Inc.'s one company rose 11.76% in price.

The remaining firms have seen their clients stock prices drop:

- Morgan Stanley & Co. Inc., -12.51% (six companies).
- Goldman, Sachs & Co., -13.13% (1).
- F. Eberstadt & Co., -15.59% (2).
- Lehman Brothers Kuhn Loeb Inc., -23% (4).
- Blythe Eastman Paine Webber, -34.42% (3).
- Wertheim & Co., -36.81% (1).
- Merrill Lynch Capital Markets, -38.76% (4).
- Prudential-Bache Securities Inc., -40.78% (3).
- Dean Witter Reynolds Inc., -50% (2).

Continued on page 34

Domestic equity underwritings
Lead managers (Jan. 1 - Sept. 30, 1984)

Investment banker	millions
Goldman, Sachs	$1,774.7
Morgan Stanley	1,064.5
Merrill Lynch Capital Markets	881.9
Salomon Brothers	750.4
First Boston	746.7
Shearson Lehman/American Express	690.1
Kidder, Peabody	546.3
Drexel Burnham Lambert	431.2
Paine Webber	294.2
Lazard Freres	237.0
Smith Barney, Harris Upham	158.9
Dean Witter Reynolds	157.4
Prudential-Bache Securities	145.9
Alex. Brown & Sons	125.6
Bear, Stearns	124.4
Top 15 total	**8,129.2**

Source: Securities Data Co. Inc., New York

Domestic debt underwritings
Lead managers (Jan. 1 - Sept. 30, 1984)

Investment banker	millions
Salomon Brothers	$15,476.2
Drexel Burnham Lambert	5,568.4
First Boston	5,492.9
Merrill Lynch Capital Markets	4,774.5
Shearson Lehman/American Express	3,998.0
Goldman, Sachs	3,176.8
Morgan Stanley	1,961.7
Paine Webber	1,034.4
Prudential-Bache Securities	992.1
Dean Witter Reynolds	709.2
Kidder, Peabody	459.3
Bear, Stearns	365.1
E.F. Hutton	336.5
Smith Barney, Harris Upham	199.5
Edward D. Jones	165.8
Top 15 total	**44,710.4**

Source: Securities Data Co. Inc., New York

Drexel Burnham advances to 2nd in debt underwriting

By Kimberly Blanton

NEW YORK — Drexel Burnham Lambert Inc. continued to climb the ladder during the third quarter, displacing First Boston Corp. as the second-ranked underwriter of corporate debt when credit is given only to the lead manager.

Drexel Burnham, however, still is far behind Salomon Brothers Inc., which acted as lead manager for 131 issues of $15.476 billion of all types of debt securities in the first three quarters of 1984, according to data by Securities Data Co. Inc., New York.

In the three quarters, Drexel Burnham Lambert lead managed 49 issues totaling just one-third of Salomon Brothers' volume, $5.568 billion.

Next were First Boston, $5.493 billion in 69 deals; Merrill Lynch Capital Markets, $4.775 billion in 50 deals; Shearson Lehman/American Express, $3.998 billion in 46 deals; Goldman, Sachs & Co., $3.177 billion in 34 deals; Morgan Stanley & Co. Inc., $1.962 billion in 20 deals; Paine Webber Inc., $1.034 billion in 10 deals; Prudential-Bache Securities Inc., $992 million in 14 deals; and Dean Witter Reynolds Inc., $709 million in four deals.

Securities Data Co.'s data is net proceeds from issues, not face value, and excludes best efforts deals and debt-equity swaps.

The 201 issues of convertible and non-convertible debt issued in the third quarter of 1984 amounted to $18.784 billion. This brought the total so far this year to $45.437 billion in 512 deals. Debt issues in the first three months exceeded the volume for the same period in 1983, $42.382 billion in as many deals, 510.

In the less active equity market, Goldman, Sachs maintained the first place for issues in which it acted as lead manager, $1.775 billion, and Morgan Stanley held at second, lead managing $1.065 billion. Merrill Lynch has greatly improved its ranking, acting as lead manager of $882 million equity issues. It moved up to third for the first three months from sixth at the first half of 1984.

Common stock issues were

Continued on page 36

Net proceeds from domestic issues

	3rd quarter, '84		1st 9 mos., '84	
	$ mil.	No. of issues	$ mil.	No. of issues
Common stock	2,201.3	131	6,364.0	432
Convertible debt	1,551.0	17	2,431.7	37
Non-convertible debt	17,232.5	184	43,005.4	475
Preferred stock	870.5	19	3,088.5	53
Total	**21,855.3**	**351**	**54,889.6**	**997**

Source: Securities Data Co. Inc., New York

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Drexel Burnham . . .

Continued from 33

steady in the third quarter of 1984: $2.20 billion equity was issued in 131 deals. This is about half the volume of equity issued in the entire first half of 1984, $4.16 billion. For the first three months of 1984, common stock issues totaled $6.36 billion.

Common stock issues for the third quarter and the year to date are well behind last year's levels of $8.956 billion and $30.174 billion, respectively.

Preferred stock issues also fall short of last year's levels. In the third quarter of 1984, companies issued $871 million preferred stock in 19 issues, down from $1.410 billion in 27 issues a year earlier. The total value of the 53 preferred stock issues this year was $3.089 billion, against $7.046 billion in the first three months of 1983.

Goldman and Morgan Stanley continued to stay at the top of the ranking when credit is given only to lead underwriter of equity issues. Goldman, Sachs lead managed 28 issues worth $1.775 billion, followed by Morgan Stanley, with $1.065 billion in 19 deals. These were their rankings at the end of the first half.

Although Merrill Lynch ranked third in the dollar volume ($882 million) of equity deals in which it was lead underwriter, it handled the most deals, 34. Salomon Brothers stayed at fourth, acting as lead manager for 14 issues worth $750 million, followed by First Boston, $747 million in 14 issues; Shearson Lehman/Amex, $690 million in 19 deals; Kidder, Peabody & Co. Inc., $546 million in 17 deals; Drexel Burnham Lambert, $431 million in 18 deals; Paine Webber, $294 million in 16 deals; and Lazard Freres & Co., $237 million in 5 deals.

Some firms moved around in the dollar rankings of deals handled in the third quarter when compared with the second quarter.

Merrill Lynch moved to third from sixth in credit to lead manager, while First Boston slipped to fifth from third and Drexel Burnham fell to eighth from fifth.

Merrill Lynch ranked first in the dollar value — $2.742 billion — of the 60 deals in which credit is given to both managers and co-managers.

Salomon Brothers ranked second when credit is given to manager and co-manager in 29 equity deals worth $2.311 billion, followed by Shearson Lehman/Amex, $2.153 billion in 38 deals; Goldman, Sachs, $1.941 billion in 32 deals; First Boston, $1.455 billion in 25 deals; Morgan Stanley, $1.433 billion in 23 deals; Kidder, Peabody, $980 million in 28 deals; Drexel Burnham Lambert, $834 million in 27 deals; Dean Witter Reynolds, $686 million in 23 deals; and E.F. Hutton & Co. Inc., $532 million in 21 deals.

Salomon Brothers continues to dominate in both the number and dollar volume of debt deals, whether credit is given only to lead underwriter or to all managers and co-managers.

Salomon Brothers was lead manager in 131 deals for $15.476 billion.

Drexel Burnham was a not-so-close second, managing $5.568 billion in 49 deals, followed by First Boston, $5.493 billion in 69 deals; Merrill Lynch, $4.775 billion in 50 deals; Shearson Lehman/Amex, $3.998 billion in 46 deals; and Goldman, Sachs, $3.177 billion in 34 deals. The remaining firms lead managed less than $2 billion each.

Merrill Lynch moved up in the rankings for credit to lead manager in debt issues, as it did in equity issues. Merrill Lynch ranked fourth at the end of three quarters, up from sixth place at the end of the second quarter, and it displaced Shearson Lehman/American Express.

Salomon Brothers is well ahead in the debt market no matter how the rankings are tallied. When credit is given to all managers and co-managers, Salomon Brothers is first in the first three quarters of 1984: it was involved in 183 deals worth $22.874 billion.

Merrill Lynch ranked second with 134 deals worth $13.672 billion, followed by First Boston, $13.201 billion in 124 deals; Goldman, Sachs, $11.127 billion in 94 deals; Shearson Lehman/Amex, $6.643 billion in 76 deals; Drexel Burnham Lambert, $5.845 billion in 53 deals; Morgan Stanley, $4.278 billion in 37 deals; Dean Witter Reynolds, $3.171 billion in 26 deals; Kidder Peabody, $2.590 billion in 23 deals; and Paine Webber, $2.307 billion in 18 deals. ■

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Tallahassee: Florida committed $795 million to 11 equity firms.

Florida adds 11

By Barry B. Burr

TALLAHASSEE, Fla. — In its latest and most sweeping move, the Florida State Board of Administration hired 11 equity managers, committing a total of $795 million.

Emery "Jay" Yelton, executive director, said the board hired two special equity managers, giving each $60 million; three growth-oriented managers, giving each $75 million; and six value-oriented managers, also giving each $75 million.

The special equity managers are Eagle Asset Management Corp., St. Petersburg, Fla., and Stein Roe & Farnham, Fort Lauderdale, Fla.

The growth-oriented managers are Fred Alger Management Inc., New York; Alliance Capital Management Corp., New York; and Bessemer Trust Co. of Florida, Palm Beach.

The value-oriented managers are Barrow, Hanley, Mewhin-

Continued on page 84

American Airlines boosts dedication

By Fred Williams

DALLAS — American Airlines Inc.'s pension fund has restructured its dedicated bond portfolio and increased the portfolio's holdings by $100 million to cover additional retired lives liabilities incurred during the past two years.

The $1.1 billion American Airlines fund now has about $600 million invested in its dedicated portfolio, said W.F. Quinn, assistant treasurer.

American first established its dedicated portfolio in 1981 and has restructured the portfolio periodically since then to reflect changes in employment patterns at the airline.

During the past two years the company has been offering early retirement to its employees, an option which has been elected by "several hundred" employees, Mr. Quinn said.

In the latest restructuring, about $450 million worth of new securities were purchased and another $350 million in holdings were sold, increasing the market value of the portfolio by about $100 million, Mr. Quinn said.

He said American put out for bid the opportunity to execute the transaction to two investment bankers. The bid eventually was awarded to First Boston Corp., which executed the transaction on behalf of the American pension fund.

He said American decided to bid the brokerage transaction "because we felt we could get a lower cost portfolio through the bidding process."

Mr. Quinn said the anticipated "blended rate of return" on the newly restructured portfolio is about 13%. When initially established in 1981, the anticipated rate of return was 15%.

American's dedicated portfolio is managed internally, said Mr. Quinn, in a "reasonably active" fashion. Managers monitor the portfolio and the market continuously to maintain the maximum rate of return on the investments, he added.

Mr. Quinn called the most recent activity "reoptimization" of the portfolio, in order "to better meet our liabilities to include the newly retired people."

Continued on page 85

Auto union wins voice in investments at GM

By Joel Chernoff

DETROIT — The United Auto Workers has gained a limited voice on the investment of General Motors' pension plan for organized workers, and might accomplish the same for a similar Ford plan.

An agreement reached at the same time as General Motor Corp.'s new contract with the union provides that up to 5% of net new pension contributions will be invested in residential mortgages and other "socially desirable" investments.

If the provision had been in effect last year, the targeted investments would have amounted to $20 million, a UAW summary said.

In addition, the UAW may make annual recommendations that the $8.2 billion fund for hourly workers not invest in seven companies.

Criteria for disinvestment were not spelled out, but likely would include whether firms with economic ties to South Africa adhere to the equal employment guidelines of the Sullivan Principles.

The Rev. Leon Sullivan, creator of the principles and a Baptist minister, sits on GM's board. The Rev. Sullivan said he was not directly involved with the negotiations, but was "very pleased" with the results.

Similar restrictions are included in the UAW-Ford Motor Co. contract, which is pending ratification, except the Sullivan Principles would be the sole basis for disinvestment recommendations.

The apparent trade-off for the auto companies is they would be able to invest a portion of collectively bargained pension assets with in-house management.

Under the GM agreement, the company will be able to handle internally up to 20% of the net of the hourly plan assets minus passively managed assets and U.S. government and agency securities.

The Ford provision is similar, except that in-house management would be limited to 10% of the net assets. Ford has roughly $3 billion in hourly plan assets, but has a substantial portion of its assets in index funds.

GM recently started moving assets in-house from its $8.4 billion salaried plan this year, after L. Guy Palmer II became director of internal pension asset management. Ford has been running part of its $4.5 billion in salaried plan assets in-house for some time.

The socially oriented investment provisions follow the precedent set in the 1979 contract with Chrysler Corp.

They reflect longtime union concerns that pension assets generated by collective bargaining help union members and not be adverse to their general societal interests. Under the Chrysler contract, 10% of new net pension contributions were to be invested in home mortgages in areas where UAW members lived, as well in as nursing homes, health maintenance organizations, day-care centers and other socially desirable investments.

Also, a joint labor-management advisory panel was created to recommend the pension fund avoid investing in five South Africa-related firms that refuse to meet the Sullivan Principles.

The lack of new pension contributions during Chrysler's troubled years deterred fulfillment of the first part of the provision, but the UAW has exercised its right to annually list companies, now up to 10, which fail to meet the Sullivan Principles.

The pending Ford proposal would have up to 5% of net new contributions invested in residential mortgages and other socially desirable investments.

Net contributions are defined as the annual contribution minus those benefit payments exceeding yearly investment income (but not including realized and unrealized investment gains).

The Ford proposal also would restrict home loans to "communities where there are substantial num-

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Teamsters to hire Eastdil, Karsten

Fund liquidating realty

By Mark Westerbeck

CHICAGO — Eastdil and Thomas L. Karsten Associates have tentatively been chosen as advisers for the liquidation of real estate assets held by the Teamsters, Central States, Southeast & Southwest Areas Pension Fund, according to trade sources.

The fund's named fiduciary, Morgan Stanley Inc., made the selection and was assisted by the consulting firm Pension Realty Advisors Inc., San Francisco.

Eastdil and Karsten join Victor Palmieri and Co. Inc. in the handling of a dwindling pool of assets estimated to be about $500 million.

The selection of the two advisory firms is unusual in several respects:

• They will be involved in the disposition of the Central States assets, not in the acquisition of new property.

• It puts Morgan Stanley's real estate staff on the "buy side" of the table, instead of its more accustomed marketing posture.

• The status of the Central States fund — under scrutiny by the courts, the Department of Labor and even Congress — applied an uncommonly tight blanket of silence that affected everyone contacted who was remotely involved in what was, in essence, a real estate adviser search.

At presstime, contracts still were being negotiated and the matter was being presented by Morgan Stanley to the Teamsters trustees. None of the principals would discuss the matter, and no one familiar with it would talk for attribution.

Further, servicing the relatively small liquidating portfolio is not regarded as a lucrative venture, with the advisers breaking even or possibly losing money, sources said. They said advisers were interested in the Teamsters real estate because it was possible the winners of the search would have a leg up on others when the pension fund begins to make equity investments, expected when the liquidation is complete.

Morgan Stanley reportedly made clear to prospective advisers that winning the liquidation account would not directly tie into the selection of equity advisers, but it also has not dispelled the notion that Eastdil and Karsten have an advantage.

When Morgan Stanley took over management of the fund's assets from the Equitable Life As-

Continued on page 85

Late news

California narrows list

SACRAMENTO, Calif. — The trustees of the $13 billion California Teachers' Retirement System have narrowed the list of prospective bond managers as they prepare to receive reports that could call for doubling the system's equity exposure within five years.

Finalists for management of long-term bonds were Loomis, Sayles & Co., Boston; Scudder, Stevens & Clark Inc., San Francisco; Thorndike, Doran, Paine & Lewis, Boston; Manufacturers Hanover,

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Partner in Century sells share

By Marci Baker

NEW YORK — James Harpel, a founding partner of Century Capital Associates, has sold his partnership interest in the firm to First City Securities, Vancouver, British Columbia.

At the same time, the senior partner has relinquished his role as chief investment officer to Tom Jackson, former president of the $1.8 billion Dreyfus Fund, New York.

Mr. Harpel will continue to serve as a full-time consultant to the investment firm.

First City Securities is a wholly owned subsidiary of the Belzberg family's First City Financial Corp.

Mr. Harpel said the purchase of his partnership interest will give the Belzbergs, who already own a significant interest in Century, a majority ownership in the $2 billion operation.

He quickly added the Canadian financiers' position was a non-operating one. "They are investors only," he said.

Mr. Harpel and Richard Hokin, chief executive officer, founded Century in 1966. "After doing this for 18 years, it was time to do something different," Mr. Harpel explained.

The veteran money manager plans to get more involved in merchant banking activities. Mr. Harpel already has played a role in the leveraged buy-outs of Intermountain Gas of Boise, Idaho, and Congoleum Corp. of Portsmouth, N.H.

He described Mr. Jackson, his successor, as a conservative investor whose skills are expected to mesh neatly with those of the seven remaining Century partners.

Although the firm is generally considered a market timer, Mr. Jackson said he considers Century and himself as oriented toward capital preservation.

He summed up his investment style as a "total return, value-oriented, contrarian approach with a timing overlay."

Although Century's equity performance has fallen off recently, its fixed-income returns

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Wide World Photos

San Francisco: $85 million of the employees' fund will be indexed.

San Francisco plans $85 million index fund

By Steve Hemmerick

SAN FRANCISCO — The San Francisco City & County Employees' Retirement System has decided to build an $85 million index fund, the beginning of a larger core equity portfolio, that will be managed by Great American Core Investors, Tarrytown, N.Y.

In approving Great American Core, the retirement system passed up some of the index fund managers operating in its own city, including Wells Fargo Investment Advisors and Mellon Capital Management, both of which were finalists.

It also decided against New York-based Bankers Trust Co.'s index fund. In hiring Great American Core, however, San Francisco did hire two former key players in Bankers' index operation, Seth Lynn and Bob Windsor, who left the trust company to become president and vice president of the firm.

The system did choose Bankers Trust as custodian for its $1.6 billion fund, dropping San Francisco-based Crocker Bank.

One reason trustees selected Great American Core to manage the index fund is the Nov. 6 election. On the ballot for city and county voters will be an initiative that would require the fund to drop from its portfolio all stocks of companies that "do business" with South Africa, said Dewitt Bowman, chief investment officer for the San Francisco system.

Great American Core offers a

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Bank drops trust unit

By Kimberly Blanton

CHICAGO — The First National Bank of Chicago is bowing out of the master trust business and will refer clients down the street to The Northern Trust Co.

It will close its master trust accounts by the end of 1985.

The bank's decision to end the service, which has brought in more than $7 billion in master trust accounts, comes more than two years after a similar decision by Chemical Bank (*Pensions & Investment Age*, March 29, 1982).

When Chemical dropped out of the competition, industry observers predicted others would follow.

Indeed, the two banks' reasons for ending master trust services appear similar. The business is a low-profit one unless a major commitment is made to provide a full range of services and aggressively

Continued on page 83

Frank B. Hall shifts gears on termination

By Kimberly Blanton

BRIARCLIFF MANOR, N.Y. — Frank B. Hall & Co. has withdrawn its request for a spinoff/termination and has applied with the Pension Benefit Guaranty Corp. to terminate the entire plan.

The insurance broker, citing a shortage of cash, has applied to the PBGC to terminate its $52 million pension plan. It expects to recoup $20 million of that.

Crane Co. and Timken Co. also have announced they will terminate their pension plans to skim off excess cash and funnel it into their corporate coffers.

Timken reportedly will recover $45 million from its pension plan termination, to be used for capital improvements. Timken executives could not be reached for comment.

Crane estimated it will gain $35 million to $40 million from the termination of its pension funds for non-bargaining employees at Crane and its Hutig Sash & Door Co. and Medusa Corp. subsidiaries.

Crane financial executives would not return phone calls to discuss the details of the termination.

Current statistics on the total pension assets of Crane and Timken were not available. Crane's total pension assets are about $300 million and Timken's are about $460 million, according to the 1983 Corporate Finance Bluebook.

Stanley Martinez, senior vice president of finance with Frank B. Hall, would not comment on why the firm changed its application.

Under a spinoff/termination, a company segregates its working employees' benefit liabilities from those of retired employees. The excess assets in the plan are placed in the retired employees' section of the plan and revert to the company when that plan is terminated.

Frank B. Hall originally filed prior to the Reagan administra-

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Late news

Continued from page 1

New York; and BEA Associates Inc., New York.

One or more managers might be selected from the list and given $300 million to $400 million each, according to Mike MacLaren, executive director of the system.

Finalists for intermediate bonds were Pacific Investment Management Co., Newport Beach, Calif.; Miller, Anderson & Sherrerd, Bala Cynwyd, Pa.; Lincoln Capital Management, Chicago; T. Rowe Price Associates, Baltimore; Stein Roe & Farnham, Chicago; and Lehman Brothers, New York.

Each manager selected in this category could receive $200 million to $350 million.

The trustees also are considering having the system's in-house staff manage a considerable amount in bonds and hiring a bond index manager.

They already have chosen a stock index manager, Wells Fargo Investment Advisors, San Francisco, and hired Dimensional Fund Advisors Inc., Chicago, for small-capital stocks.

Trustees are expected to study asset allocation reports from their consultants in mid-November. The consultants are Frank Russell Co., Tacoma, Wash., and Wilshire Associates, Santa Monica, Calif.

Firm cuts dividend

NEW YORK — American Express Co. again cut the dividend on its Money Market Preferred stock.

A 7.55% dividend was set on the second of two $75 million issues of the new security in an auction Oct. 23, below the 8% dividend set in the Oct. 16 auction for the first issue (*see story on page 69*). The dividend will be reset every 49 days.

Babcock joins Callan

SAN FRANCISCO — Phillips Babcock, director-banking relations for American Telephone & Telegraph Co., is joining Callan Associates as senior vice president and head of its Eastern regional office. He will be responsible for the supervision of client relations and the development of new business potential in the Eastern region. He also will be a member of the planning, manager evaluation and client review committee.

Late money movers

• MINNEAPOLIS -- The $200 million Minneapolis Teachers' Retirement Fund Association has hired First Investors Asset Management, New York — its first outside manager — to run $2 million in a junk bond account, according to Newell Gaasedelen, executive secretary and investment manager.

• PHILADELPHIA — The Board of Pensions of the Presbyterian Church has dropped Value Line Asset Management, New York, due to poor performance, said William Irwin Arbuckle II, vice president and treasurer.

N.J. bills advance

TRENTON, N.J. — The two bills that would require the $10.5 billion New Jersey Division of Investment to divest itself of up to 95% of its current holdings (*Pensions & Investment Age*, Oct. 15), were passed through committee last week, according to Christopher Guidette, communications director for the Assembly Majority.

S&P Corp. adds to list

NEW YORK — Standard & Poor's Corp. has added to its list of eligible seller-repurchasers following the introduction of new bankruptcy legislation cleaning up the status of repurchase agreements. Eligibility is now expanded to include government securities dealers and other entities subject to the Bankruptcy Code.

FASB bulletin issued

STAMFORD, Conn. — The Financial Accounting Standards Board has issued its technical bulletin disqualifying instantaneous defeasance as an appropriate means of wiping debt off a company's balance sheet.

The board's bulletin described the method as a borrow-and-invest transaction, whose chief purpose was to realize an immediate gain by taking advantage of the interest-rate spreads between different markets.

A ruling by the board last year on defeasance was intended to allow companies to erase old debt from the balance sheet.

Any gain or loss from such a transaction represents the effects of past changes in interest rates, FASB said.

The technical bulletin is effective for debt issued on or after Sept. 12.

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Cash Management

Cash managers ambivalent to proposals

Fed focusing on daylight overdrafts

By Fred Williams

Proposals under consideration by the Federal Reserve Board to limit or halt daylight overdrafts resulting from high-dollar wire transfers could change the nature of corporate cash management.

"These are not proposed regulations, but proposals which may take the form of regulations, or which could be voluntarily adopted by the industry," said David Humphrey, economist at the Federal Reserve Board in Washington.

A daylight overdraft arises when a sending bank on a large-dollar wire transfer network such as FedWire, CHIPS, CashWire and CHESS, incurs a net debit in its account during the day.

More than $500 billion moves daily on electronic funds transfer systems, with average daily volume of $355 billion on FedWire alone.

At any time, an individual bank could be overdrawn by $4 billion on FedWire and $2 billion on CHIPS, said Mr. Humphrey.

Corporate cash managers, while voicing concern about the proposed limits, are greeting the Fed's proposals with ambivalence; some call it a banking problem while others don't appear to understand what the full impact might be.

Banks, on the other hand, claim the proposals could affect credit and risk management severely, and ultimately change the way banks and corporate treasurers and managers conduct their business.

The comment period closed Oct. 29 on at least three proposals, although late comments will be read, said Mr. Humphrey:

• Sender net debit caps. This would impose a cap on the amount of daylight overdraft that could be incurred by any institution. It most likely will be expressed as a multiple of the total capital of the sending institution.

• Bilateral net credit limits. This would be set by the receiver of funds against the total net debit position any sending institition could build up in the day.

• Finality of payments. Under this proposal, the receiving financial institution would guarantee it would promptly provide the beneficiaries of funds transfers with irrevocable credit for fund transfers.

The Federal Reserve could adopt any or all of these proposals, but a position paper submitted by the Association of Reserve City Bankers has proposed the regulation be voluntary, and that net debit caps be imposed.

It is the prospect of imposing a cap on wire transfers that most disturbs the banking industry because it could result in credit rationing or the inability to fulfill corporate cash managers' wire transfer volume requirements.

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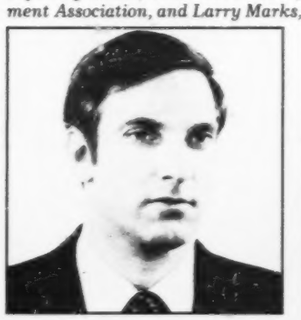
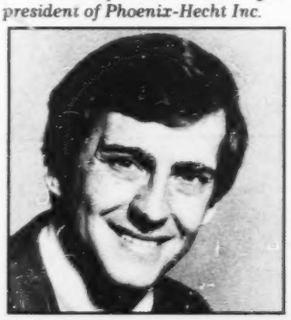
Left: Ray Ruzek, executive director, National Corporate Cash Management Association, and Larry Marks, president of Phoenix-Hecht Inc.





Managers count on banks

Corporate cash managers seem to be relying on their banks to voice opposition to the Federal Reserve's proposed limits on daylight overdrafts, although some recognize the difficulties the proposals could cause.

Several cash management associations contacted by *Pensions & Investment Age* appeared to lack complete knowledge of the Fed's proposals, or were allowing banks to take most of the responsibility for speaking out. None indicated any intent to comment before the expiration of the comment period on Oct. 29.

Peter Hohenstein, president of the Mid-Atlantic Cash Management Association, said his organization planned no action and referred inquiries to Dick Reddy, vice president.

Mr. Reddy said the proposals had the potential to create "chaos" for corporations that rely on wire transactions on a same-day basis. He said the association had not discussed the proposals.

"As for my company though, (Commercial Credit Corp.) it would bring us to a screeching halt. We wouldn't be able to move funds until we knew the bank had incoming funds in the bank; what we are doing is only a small part of what happens at the bank," he said.

"We do over $100 million in wire transfers each day and if our clients couldn't get credit . . . it would have major implications for us."

Bill Twenty, president of the Mid-Illinois Cash Management Association, said he was aware of the proposals and is still in the process of "trying to see what the Fed is doing," but the association has not contemplated taking any action.

"This is the second time the Fed has done something like this," he said.

Mr. Twenty said "we see it as a bank problem . . . We would work with the bank, but we want the banks to realize that we aren't the brunt of the problem, and it is a banking problem and one for them to solve."

The president of a large Texas cash management association was familiar with the proposals but seemed unconcerned. He called them "a crock" and said, "if you are overdrawn, you pay the price, you can't hold up everything because the bank has no covering wire."

William Lefebve, head of the Chicago Cash Management Association government relations committee, said the association has "no position as such" on the proposals.

"Personally, I believe it is going to happen whether I like it or not," he said.

Ray Ruzek, executive director of the National Corporate Cash Management Association, was critical of

Continued on page 21

9% decline reported in cash stance

By Richard J. Gillespie

NEW YORK — The cash and short-term investment holdings of the 100 largest industrial corporations declined by 9% in the first six months of the year.

The aggregate cash holdings of the largest 100 industrial corporations totaled $67.1 billion at the end of June, down from $74 billion at year-end 1983.

The figures, released by Wright Investors' Service of Bridgeport, Conn., seem to confirm that the buildup in cash and short-term investment portfolios, so strong in 1983, has slowed in line with other economic indicators.

A report on credit trends released by Salomon Brothers noted increases in internal cash generation enabled U.S. corporations to moderate their external borrowing requirements in the first half.

More recently, however, internal cash generation has slowed, and the figures indicate corporations might be drawing on their cash reserves.

"Increases in internal cash generation no longer are keeping up with increases in investment expenditures," stated a credit report released Sept. 28 by the investment banking concern.

But overall, holdings still were 19% ahead of the $53.8 billion aggregate held 12 months earlier, the figures compiled by Wright Investors' Service showed.

General Motors Corp. had more than $10 billion in cash and short-term investments at the end of June, the largest cash and short-term investment portfolio seen since the survey was first carried out last year.

The automaker's $10.2 billion also represented growth of 65% on the $6.2 billion held at the end of 1983, and a 226% increase on its holdings at the end of 1982.

According to Lewis Wirshba, manager of corporate finance and

Continued on page 21

Company	Cash & short-term investments ($ millions) 1984	1983	% change '84 vs. '83
10 largest cash portfolios (ranked by cash position)			
General Motors	$10,217	$5,413	88.75
Ford Motor	4,843	2,487	94.71
IBM	4,260	4,446	−4.18
Exxon Corp.	4,200	3,448	21.81
General Electric	2,414	2,638	−8.49
Std. Oil (Ind.)	2,050	1,928	6.33
Chrysler	2,026	1,571	28.98
Mobil Corp.	1,698	1,328	27.86
Chevron	1,691	2,564	−34.05
Texaco Inc.	1,550	2,031	−23.68
10 largest increases in cash and short-term investments			
IC Industries	$ 104	$ 16	546.88
Time Inc.	372	58	537.56
Deere & Co.*	225	36	525.28
Martin Marietta	19	4	332.56
Philip Morris	102	29	250.00
R.J. Reynolds Ind.	666	193	245.08
Diamond Shamrock	128	44	188.94
Boeing	1,371	551	148.82
Esmark*	184	76	143.18
Anheuser-Busch	224	92	143.15
10 largest decreases in cash and short-term investments			
LTV	$ 0	$311	−100.00
Tenneco	13	92	−85.87
McDonnell Douglas	39	195	−80.00
Gulf & Western*	125	487	−74.37
General Dynamics	78	243	−67.90
U.S.Steel	213	663	−67.87
Ashland Oil	73	193	−62.44
Coastal Corp.	52	105	−50.95
Ralston Purina	54	101	−46.63
Champion Int'l.	48	85	−43.18

* Top 100 industrial companies

* Quarter ended 4/30/84

Data computed by the corporate and investment data bank maintained by Wright Investors' Service, Bridgeport, Conn.

Fund	Assets ($ mil.)	Avg. daily maturity	7-day avg. yield	30-day avg. yield
Taxable funds				
Federated Securities (U.S. Govt. Securities)	5,625	46	10.1%	10.4%
Shearson Lehman-Amex (TempFund)	5,893	32	10.7	11.0
Goldman, Sachs (ILA Prime Obligations)	5,239	36	10.7	11.0
Donoghue's Money Fund Average		**40**	**10.2**	**10.4**
Tax-free funds				
Federated Securities (Tax-Free Trust)	2,984	57	6.0	6.0
Nuveen Tax-Exempt (Money Market Fund)	1,441	59	6.2	6.2
Shearson Lehman-Amex (Muni Fund)	1,068	30	6.1	6.1
Donoghue's Tax-Free Money Fund Average		**63**	**6.0**	**6.0**

This chart, a new feature of *Pensions & Investment Age*'s cash management section, is a listing of current yields on certain money market funds. The money market funds selected were recommended by The Donoghue Organization as the six funds most representative of corporate short-term portfolios. The Donoghue Organization is located in Holliston, Mass.

9% decline . . .

Continued from page 19

investments, the huge size of GM's cash reserves has not changed the way it carries out its short-term investment program.

The portfolio is invested in Treasury bills, short-term government notes, prime commercial paper, high-quality certificates of deposit and some municipals and short-term federal agencies, along with collateralized repurchase agreements.

"The prime determinant of the portfolio's characteristics is the ebb and flow of corporate cash," said Mr. Wirshba, who heads up a team of three full-time traders for the automaker.

At the other exteme, The LTV Corp. reported no cash or short-term investments on its second-quarter statement.

"I was surprised by that," said Hari Kapadia, a vice president with Wright Investors' Service, who double-checked the figures.

Robert Esler, assistant treasurer at the giant steel, aerospace/defense and energy concern, discounted the figure as an aberration.

"This could be interpreted as no cash resources or poor planning, but neither is true," he commented. "From the treasurer's point of view, this represents good cash management."

When LTV is in a net borrowing position, Mr. Esler said, he matches receipts against disbursements to the greatest possible extent. The company only draws on corporate bank lines when it is absolutely necessary, he said.

At the same date, June 30, LTV had unused lines of credit amounting to $475 million, he noted in pointing out there was plenty of credit available.

"We write checks and send them out to vendors, and until they are deposited and cleared, we do not put currency into bank accounts," he said.

"So we can have negative cash balances, in which case the uncleared funds would be classified as payables. From a cash management point of view, I see absolutely no need to borrow money and pay interest before you need it," he said.

At the end of July, LTV had $16 million in cash, and at the end of August, it had $46 million, Mr. Esler added.

Along with GM, other automakers also showed burgeoning funds in cash and short-term investments.

Ford Motor Co. had the largest percentage rate of growth among automakers during the 12-month period ended June 30, with $4.8 billion compared with $2.5 billion last year.

But even with this growth, GM and Ford ranked 18th and 19th on a ranking of all 100 companies.

The greatest percentage growth rate was recorded by IC Industries Inc., the cash and short-term investment portfolio of which rose 547% to $104 million; Time Inc.'s holdings were increased to $372 million from $58 million recorded one year earlier.

Companies with declines included Tenneco Inc., McDonnell Douglas Corp., Gulf & Western Industries Inc., General Dynamics Corp. and U.S. Steel Corp. ■

Managers . . .

Continued from page 19

the Fed's method of putting the regulations out for public comment. He said the corporate cash manager wasn't aware of the move until well into the comment period; by that time, it was too late for most to develop well-thought-out comments, he said.

The Fed issues information to banks and ignores corporations, he said, and that might be why corporate treasurers and cash managers haven't commented.

"They (the Fed) say, 'Yes, we want your input' and then they impose an unreasonably short time limitation," he said.

While the proposals have created concern, it is not certain that there even will be regulations in the end.

Kit Needham, associate director and manager of the operations and automation division of the American Bankers Association, said the Fed is trying to raise the consciousness of banks about the problem of daylight overdrafts.

"They know it didn't happen in six months and that it won't go away in six months," she said. "We are hoping for more time. We are not so sure the Fed will regulate. The smarter they get about this, the more they recognize things could come to a screeching halt."

She said the Fed probably will take a wait-and-see attitude toward the problem and see what the banking industry does before taking any definite action.

"If the banking industry demonstrates a clear, consistent effort to reduce the amount of overdraft . . . the Fed will probably hold off until we demonstrate that we can't do it," said Ms. Needham. ■

— By Fred Williams

Daylight . . .

Continued from page 20

it makes us rethink our credit extension policies," he said.

The biggest question, Mr. Romero said, is the one of finality of payments.

"We haven't gotten a clear interpretation on it from the Fed, but the inference is that it will move from the Fed to each receiving bank," he said. The Federal Reserve now assumes the risk when a sender transmits funds over the FedWire to a receiving institution.

Mr. Romero said problems could arise if individual banks were required to have bilateral letters of credit with each bank they do business with.

He said the proposed regulations "would change the liability and credit extension policies of banks."

Steve Gibson, president of GE Network Consultants Inc., designer of the software used in 30% of all FedWire transfers, said regulations limiting daylight overdraft exposures could lead to significant retooling of audit trail monitoring software and other equipment.

"We're facing some major software changes depending on the regulations," Mr. Gibson said. "It means that banks have to monitor their positions and balances on a same-day basis, perhaps even more frequently."

He said cash managers might be faced with monitoring their flow of funds on a continuous basis rather than at the end of the day, and in the morning before investing short-term funds.

Because banks probably would be required to cover their positions throughout the day, proposed regulations would affect which customers are allowed access to the banks' wire transfer system.

"We would have to give the banks a tool to monitor bank transfers on a continuous basis," Mr. Gibson said. "They have something like that now, but if they are not allowed to exceed a certain limit, they could be facing trouble. If they make it to where you can't exceed a certain limit and you have to stop in the middle of a transaction because you have reached your limit, then we will have a problem.

"This will make cash management a more complex procedure." ■

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